

June 30, 2005

## **RELEASE OF THE ECSDA'S FIRST REPORT RELATING TO ITS STANDARDS FOR THE REMOVAL OF GIOVANNINI BARRIER 3**

In April 2003, the Giovannini Group entrusted the European Central Securities Depositories Association (ECSDA) with the task of taking the leading role in removing three of the market barriers to low cost cross-border settlement.

Today, ECSDA released its first report relating to barrier 3 (inefficiencies in corporate action processing). This report recommends 16 standards in the area of cash and stock corporate action distributions and a proposed implementation timetable.

The proposed standards create an efficient and effective framework for the announcement and processing of any corporate action distribution whilst at the same time ensuring the terminology and data used in any such action is harmonised.

Joël Merere, Chairman of ECSDA said:

*“Following the success of the ECSDA standards relating to settlement opening times and settlement finality, we are delighted that we have now taken the first step to addressing the complexities of corporate actions.*

*Implementation of the standards will create an infrastructure that will allow the automation of corporate action distributions, such as cash dividends or bonus issues, across Europe. This will bring significant advances in efficiency and straight through processing as well as reducing cost and risk in this area of the securities market.”*

ECSDA is not alone in working on this barrier. Other Industry Associations which are associated with the Giovannini process are also working with ECSDA.

ECSDA will now work with each of its markets, as well as continue to work with the other organisations looking at the Giovannini barriers to ensure implementation of the standards. It will release an update relating to progress with the ECSDA annual report in Q2 2006.

### **Contact Details**

Joël Mérére, ECSDA Chairman, phone +33 1 55 34 56 59

### **Notes to Editors**

1. ECSDA was established in November 1997 as the Association of European Central Securities Depositories (CSDs), ECSDA has 19 members. ECSDA's primary objective is to promote harmonisation of market practices in Europe to support the creation of a single European capital market.

ECSDA offers solutions and provides advices on economical, financial, legal and regulatory matters to reduce risk and increase efficiency in pre-settlement, settlement and custody for securities and related to payments across Europe. ECSDA particularly promotes a process flow ensuring highest efficiency with low risk profile, a level competitive playing field for all providers, common standards to remove existing cross-border barriers as well as the exchange of information on legal, tax, regulatory frameworks and market practices to foster harmonisation and international cooperation.

2. ECSDA released a first paper, including 10 standards, which addressed two of the three Giovannini barriers tasked to it, namely barrier 7 relating to operating hours and barrier 4 relating to settlement finality in April 2004. It released a status report on the 10 standards in April 2005. Both reports can be found on the ECSDA website: [www.ecsda.com](http://www.ecsda.com)
3. As well as ECSDA, the European Credit Sector Associations are responsible for the creation of standards relating to barrier 3 of the Giovannini report.