

EALIC
European Association of Listed Companies



esf

FBE



Harmonisation of Corporate Actions Processing in Europe

Barrier 3
Giovannini Report

Agenda

- Report and update on Associations' work on:
 - Distributions (e.g. cash dividend, rights distribution)
 - Reorganisations
 - Shareholders' Rights (related to AGM)
 - Transaction Management
 - Consistency and implementation of standards

1. Distributions

- ECSCAs recommendations on Stock Distribution finalised, validated by members and published – Ready for gap analysis and implementation following adopted methodology. This is the 4th set of recommendations issued by the ECSCAs since work started on Barrier 3

- ECSDA:
 - the standards for all cash and stock mandatory distributions are now final
 - proposed implementation timeline shared with ECSCA and new ECSDA members
 - gap analysis completed by 22 members so far with an average of 55% adherence
 - 8 changes already implemented and 11 planned
 - distributions with options have been discussed, standards agreed and a report is done in H2.

2. Reorganisations

- ESF: Default Rule Standards: Proposals in discussion
- ECSDA:
 - first set of discussions on Mandatory events completed
 - first set of draft standards end H2 2006
 - report due H1 2007
 - discussions on optional events to take place later in 2006

3. Shareholders' Rights (related to GMs)

- All associations have set up a joint working group on GM related issues.
- Second meeting chaired by EALIC held in April: Analysis of organisational procedures for GM in Euroclear markets, Italy, Germany, Sweden revealed no insurmountable divergences
- Main areas of harmonisation and standardisation work:
 - GM related dates and timelines
 - GM related processes
- Analysis of draft Directive on Shareholders' voting rights focusing on operational impact

4. Transaction Management

- ESF has finalised its proposals, currently in discussion, on:
 - Buyer protection rules
 - Key dates related to optional eventsand will work out further proposals until the end of 3rd quarter 2006

- ECSDA:
 - Market claims: report and standards about to be published
 - Gap analysis being completed
 - Timeline for implementation proposed
 - Implementation will have impacts in other areas of the market.
e.g. matching rules

5. Consistency and Implementation of Standards (1)

All organisations are focusing on building momentum in all markets:

- **ECSCA:**
 - implementation workshop in January
 - National Implementation Structure defined
 - High Level Implementation Plan mostly worked out
- **ECSDA:**
 - gap analysis previously published being reviewed to include all new members
 - realistic timetables/priorities suggested
- **ESF:** to support implementation process where feasible
- **EALIC:** analysing effects of the standards on issuers

5. Consistency and Implementation of Standards (2)

All:

- Local Market Implementation Groups' meeting and setting up implementation plans coordinated by ECSCA and ECSDA
- Identified gap analysis and barriers to implementation to be compared to ensure a single repository
- Identify implementation synergies and ensure alignment/coordination between markets
- Identify legal, tax and regulatory issues to be addressed by public sector authorities

Conclusion

- Changes have already progressed
- We, as a community, are not waiting to finish distributions off in terms of implementation but pushing to keep momentum going by continuing work on the more complex events
- Implementation groups at work in individual markets