

Barriers 4 and 7



ECSDA

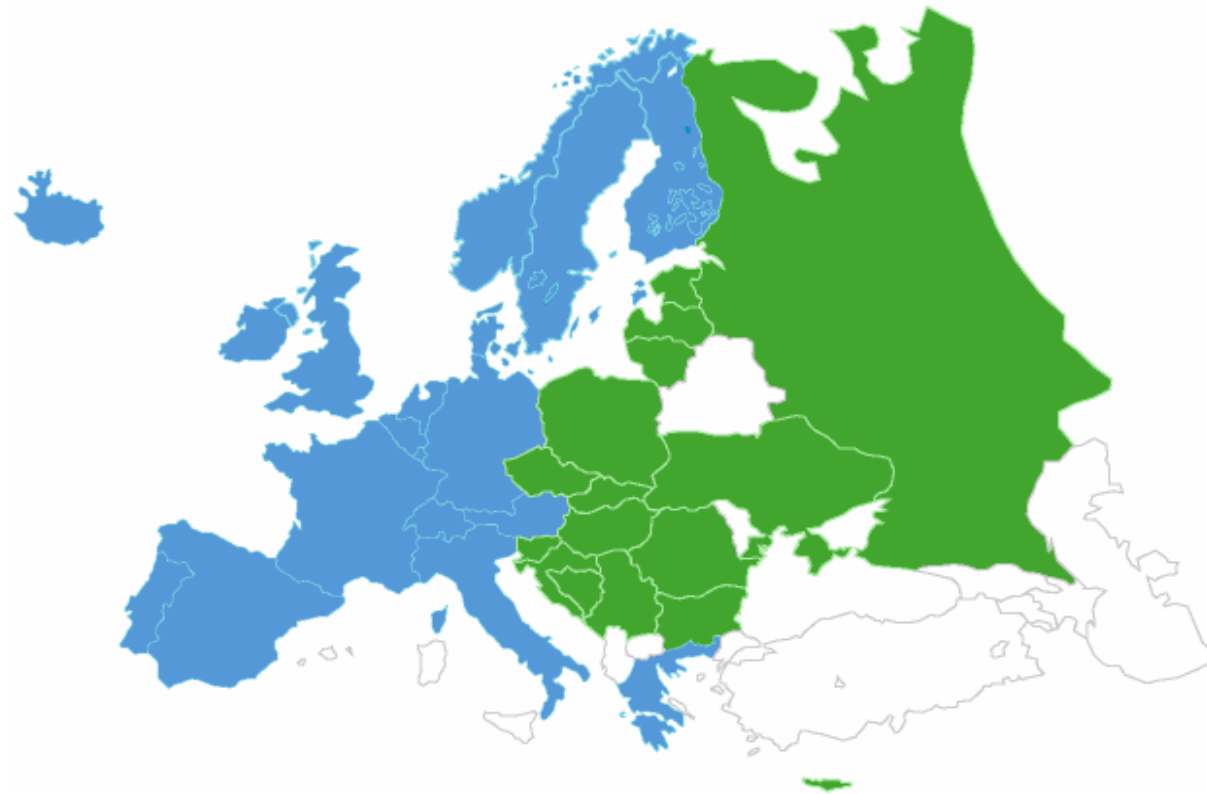
European Central Securities
Depositories Association

CESAME Group meeting
12 June 2006

ECSDA members



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Standards and status report based on work of Western European (I)CSDs – i.e. pre ECSDA / CEECSDA merger



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History

- Second Giovannini Report issued in 2003

- Barrier 7
 - Settlement Opening Days and Timetable
 - Most important barrier to be addressed
 - To be achieved within 2 years of the publication of the report

- Barrier 4
 - Settlement Finality
 - 3rd most important barrier to be addressed



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History (2)

- **First ECSDA response in April 2004**
 - 10 standards designed to remove barriers 4 and 7
 - Identification of benefits
 - Acknowledgement of barriers to implementation
- **Update report released in April 2005**
 - Progress so far
 - (I)CSDs committed to change



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Current Situation

- Second Update report to be released in June 2006
 - An improved situation for non met standards
 - On average 85.62% adherence to standards (jumps to **92.16%** if planned changes are included)
 - 3 Standards have **100%** adherence (4 if planned changes are included)
 - Worst met standard (9) has 17.64% greater adherence today than in 2004 = **42.9% improvement** (and 29.41% greater adherence if agreed / planned changes are included = **71.4% improvement**)
- = **Significant progress has been achieved**

Progress

Associated with the ECSDA members at time of the writing of the standards



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Standard ^[1]	% of (I)CSDs who met the standard at the time of the report	% of (I)CSDs who meet the standard now	% of (I) CSDs who meet the standard now or who have an agreed implementation timetable
1	64.71	76.47	82.35
2	94.12	94.12	100.00
4 ^[2]	94.12	100.00	100.00
5 (start time)	70.59	76.47	82.35
5 (finish time)	64.71	70.59	100.00
7	100.00	100.00	100.00
8	100.00	100.00	100.00
9	41.18	58.82	70.59
10	94.12	94.12	94.12
Average	80.39	85.62	92.16

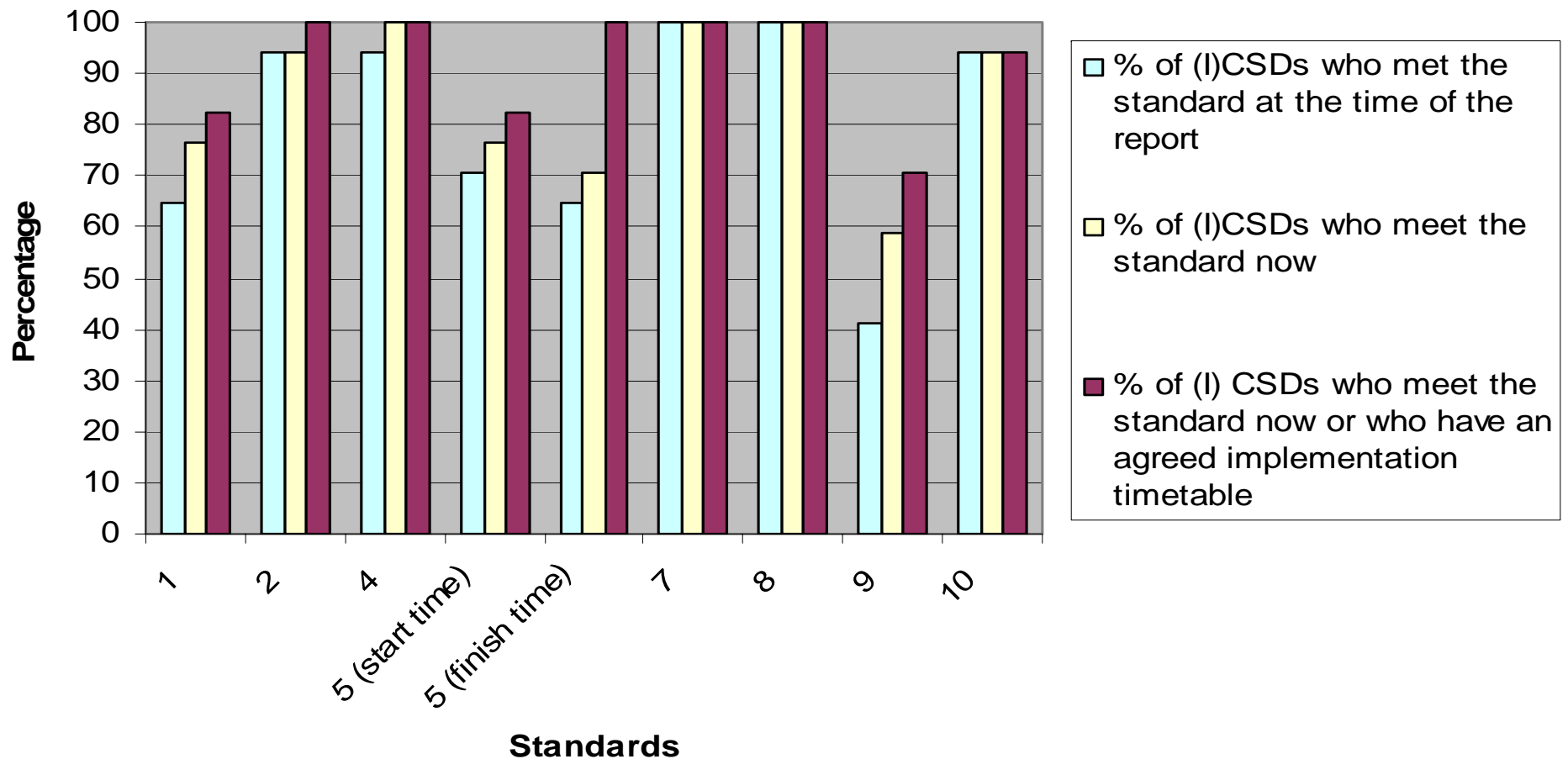
^[1] A copy of the standards can be found in Appendix 1

^[2] Standards 3 and 6 are not included in the table as standard 3 refers to a case which has not occurred since the report was published and standard 6 is non measurable.

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"Old" ECSDA Members' Progress





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Main issues

We are still affecting the speed of implementation:

- Target 2: link between implementation of the standards and the launch of Target 2
- Mergers: standards to be delivered as part of consolidated systems



The next steps

- Status report on Barriers 4 and 7 – Q2 2006
- Continued work by markets to agree implementation timetables for final 7.84%
- Obtain input to process from all new ECSDA members
 - 3 responses so far...

<u>Standard</u>	<u>No of 3 CSDs who met the standard today</u>	<u>No of 3 CSDs who have made plans to change to meet the standard</u>
1	0 (but not applicable due to no euro settlement in countries)	1 (upon euro introduction)
2	2	1
4	3	-
5 (start time)	2	-
5 (finish time)	2	-
7	3	-
8	3	-
9	0	1
10	2	0



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