

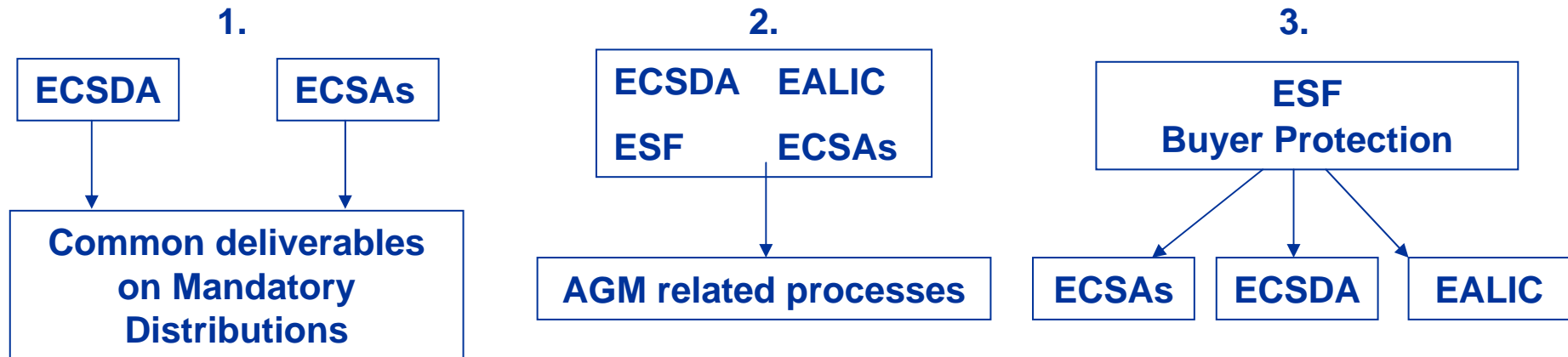
Corporate Actions **Barrier 3**

Three Issues Identified at last CESAME:

1. Relations among the associations working on the same set of corporate actions and between them and those not directly involved
2. Interrelation between this barrier and legal and fiscal procedures barriers
3. Transparency on the status of the work

1. Relations among the associations

3 ways to achieve harmonisation across markets and across stakeholders:



Working in parallel then merging the results in one set of deliverables

Working all together and producing one set of recommendations

One association working alone, producing a set of recommendations which need to be endorsed later by the others, and if addressing an issue tackled elsewhere, be part of the common deliverables

Classification of events

- Easy to read Corporate Actions lexicon
- High level classification in categories and common definitions
- Visibility on who does what amongst the involved stakeholders
- Positions common deliverables

└─→ Will be on CESAME website

Classification of events: Who does what?

Distributions						Reorganisation			General Meetings
Cash			Securities						
Mandatory	Mandatory with options	Voluntary	Mandatory	Mandatory with options	Voluntary	Mandatory	Mandatory with options	Voluntary	Mandatory (with options)
ECSDA Standards for mandatory distributions			ECSDA Standards for mandatory distributions						Joint Working Group (EALIC, ECSA, ECSDA, ESF, FESE) on General Meeting related operational Processes
ECSA Recommendations for Cash Dividends						ECSAs Recommendations on Maturity Redemption			a) Process 1: Notice to convene the general meeting
ECSAs Recommendations on Interest Payments		N/A	ECSAs Recommendations on Events including Securities Distribution		N/A	ECSAs Recommendations on Reorganisation Events			b) Process 2: Entitlement/shareholder qualification/record date
↓	ECSDA Standards for Optional Distributions		↓	ECSDA Standards for Optional Distributions		ECSDA standards on reorganisations			c) Process 3: Notification of attendance to the general meeting
ECSA/ECSDA common deliverables on mandatory distributions ¹			ECSA/ECSDA common deliverables on mandatory distributions			ESF Proposals to Harmonise and Standardise Default Rules Related to Mandatory and Voluntary corporate actions events			
TRANSACTION MANAGEMENT									
ESFs Proposals to harmonise and standardise buyer protection rules/key dates for mandatory corporate actions with options and voluntary corporate actions/default rules applicable to corporate actions processes									
ECSDA Standards for market claims									

Legend: Green highlights indicate that recommendations are final and have been published.

Yellow highlights indicate some work is taking place but there are no final recommendations agreed and published.

¹ **Note:** although work on mandatory cash distributions and mandatory securities distribution has been carried out separately initially by the two constituencies, it has been merged into a common list of deliverables

2. Interrelation between this barrier and legal and fiscal procedures barriers

- Strong dependencies on barrier 3
- Tackled by an ad hoc informal working group (met in December)
 - LCG sub-group fed by private sector paper and list of issues. Moment of transfer of ownership and relation between ExD and RD and market claims
 - FISCO to look at solutions for issues in their next report

Next meeting in March after CESAME, FISCO and LCG have met

3. Transparency on the status of the work

- Operational Conclusions
- Classification of events document
- Annual Progress Report on status of implementation starting in 2007

Marketing: increase visibility

Raising the profile of the work done both internally amongst stakeholders and externally to the public authorities, national communities and the market in general

Implementation Progress since last CESAME meeting

- Dec '06 – workshop to take stock of progress and gap analysis on securities distribution
- Implementation of Securities Distribution Recommendations started
- Commitment on Common Deliverables for Reorganisations Recommendations
- Quantification of the situation :
 - National coordinators in 25 / 28 countries (EU27+NO)
 - Detailed Implementation plan in 13 countries: not satisfactory – we are chasing
 - Statistical data through single implementation mechanism

ECSCA Corporate Actions Workshop (Brussels, 4 & 5 December 2006)

Summary Conclusions

General:

- **Workshop considered a good and useful event to exchange views among banks across borders as well as with other stakeholders**
- **Should be repeated again in 2007, probably once, in Q4**

Progress:

- **Action plan from 1st Workshop fulfilled**
- **Good momentum on implementation of ECSCA recommendations & good geographical coverage**
- **Gaps are clear and are being addressed (but impact assessment required to relate theoretical solution to practice)**
- **No significant legal barriers identified in most countries - may require changes in company by-laws**
- **Common deliverables - main thrust for future implementation**
- **Considerable progress foreseen for 2007& 2008**

Common Difficulties:

- **Issuers representation in MIG, bottleneck due to other major initiatives (MiFID, Code of Conduct, T2S... & external dependencies)**
- **Clarification required on status of ECSCA recommendations (scope, tolerance, endorsement , enforceability, stability...)**
- **Fiscal aspects of market claims problematic/require further clarification**

ECSA Corporate Actions Workshop (Brussels, 4 & 5 December 2006)

Follow-up

- **Clarify status of ECSA Recommendations: scope, timelines, tolerance, enforceability, endorsement, stability**
- **Refine common deliverables document to serve as basis for national implementation plans**
- **Include securities distribution in national implementation plans**
- **Finalise ECSA recommendations on securities reorganisation**
- **Continue work on AGM related events**
- **Clarification with other stakeholders of tradeability of new securities & market claims (OTC + multi listing)**
- **Further identification of legal & fiscal barriers (distinction between European & national level)**
- **ECSAs to raise profile of industry work on corporate actions (presentations to ECSA Boards, marketing initiatives vis –à – vis European Authorities, etc.)**
- **ECSAs to continue efforts to improve geographical coverage of work**
- **Organise follow- up Workshop in 2007**

Action Plan until end 2008

- Mutual and formal endorsement of common deliverables based on currently published standards: 30 June 2007
- Remaining proposals for standards on reorganisations and transaction management worked out by 31 December 2007, followed by mutual and formal endorsement of common deliverables by 30 March 2008
- Standards for the 3 defined general meetings related operational processes agreed by the joint working group: 2 H 2007

End 2008 considered as end date for definition of recommendations and standards and implementation planning

Conclusions

Now that we are well in the implementation phase, the 4 stakeholders associations have decided to set up a **Corporate Actions Steering Group** to:

- Coordinate the work still to be done on the definition of standards/recommendations
- Jointly monitor the implementation of the standards across Europe

A more formal structure of cooperation through regular meetings will assist in enhancing the common view of standards to implement and verifying more efficiently the application of the standards

First meeting of the Steering Group set in Milan on 21 March