



ECSDA
European Central Securities
Depositories Association

FESE, EACH & ECSDA – Implementation Progress towards the Code of Conduct

Joint update for the CESAME Meeting
12 February 2007

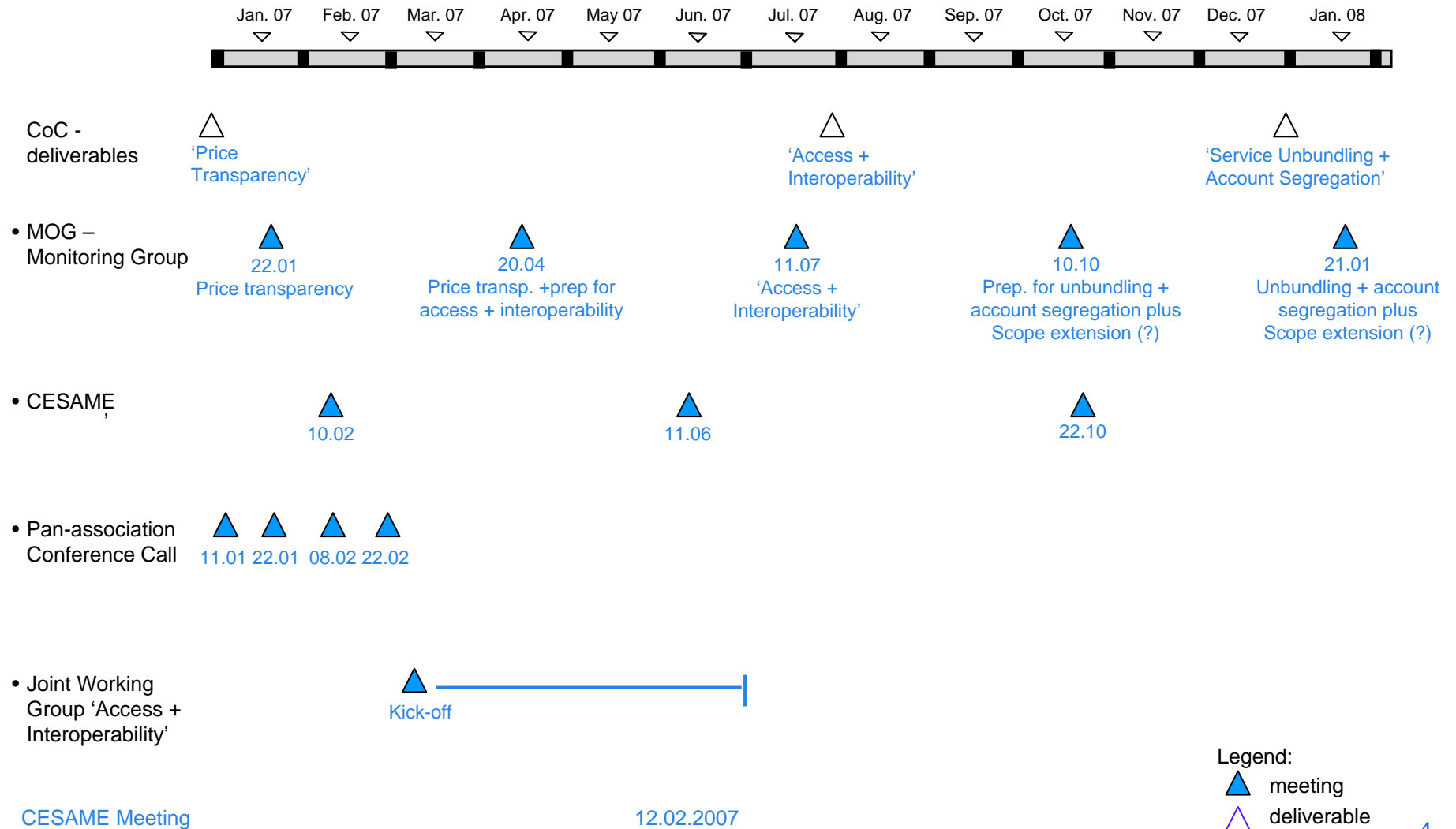
Agenda

- General overview of joint work progress
- Price Transparency (Articles 7-18)
- Access & Interoperability (Articles 19 - 37)
- Unbundling Services & Account Separation (Articles 38 - 43)

Overview - Signatories to the Code of Conduct (EU & non EU members)

Stock Exchanges (coordinated by FESE)	Clearing Organizations (coordinated by EACH)	(I)CSDs (coordinated by ECSDA)	
<ul style="list-style-type: none"> ■ Deutsche Börse ■ LSE ■ Euronext ■ Borsa Italiana ■ BME ■ Athens Ex. ■ virt-x ■ Budapest SE ■ OMX Exchanges ■ Luxembourg SE ■ Bratislava Stock Ex. ■ Ljubljana Stock Ex. ■ Malta Stock Ex. ■ Oslo Bors ■ SWX Swiss Ex. ■ Cyprus SE ■ Wiener Börse ■ Irish SE ■ Pending – Bucharest SE 	<ul style="list-style-type: none"> ■ Eurex Clearing AG ■ LCH.Clearnet ■ CC&G ■ OMX ■ SIS x-Clear ■ KDPW (Poland) ■ VPS Clearing ■ CSD/CCP Serbia ■ CCP Austria ■ KELER (Hungary) 	<p><u>Signatories of the Code:</u></p> <ul style="list-style-type: none"> ■ Clearstream Banking Frankfurt ■ Clearstream Banking Luxembourg ■ Euroclear Bank (and also CrestCo, Euroclear Belgium, Euroclear France, and Euroclear Netherlands) ■ Monte Titoli ■ KDPW (Poland) ■ SIS Group ■ CSD SA (Greece) ■ OeKB ■ VPS (Norway) ■ Estonian CSD ■ Interbolsa ■ UNIVYC (Czech Rep.) ■ VPC (Sweden) ■ CSD of Serbia 	<ul style="list-style-type: none"> ■ CSCC (Slovenia) ■ CSD of Lithuania ■ Keler (Hungary) ■ Latvian CSD ■ VP (Denmark) ■ APK (Finland) ■ CSD of the Slovak Republic <p><u>Letter of Intent:</u></p> <ul style="list-style-type: none"> ■ Iberclear ■ SCP (Czech Rep.) ■ CSD of Croatia ■ CSD of Montenegro ■ CSD of Bosnia and Herzegovina ■ Cyprus Stock Exchange ■ Icelands Sec. Depository

High-level timeline of the Code of Conduct



Legend:
▲ meeting
△ deliverable

FESE

Implementation of the Code of Conduct was managed through the Clearing & Settlement TF and supervised by FESE Board



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General FESE actions:

- FESE Action Plan on the Implementation of the Code
- Creation of FESE Code of conduct website – central hub
- Coordination between EACH, ECSDA & FESE

EACH

Internal responsibilities for the implementation of the Code

- 14 Member Organisations, 11 within EU and 3 outside EU (Serbia, Norway and Switzerland)
- Executive Committee: OMX (Chair), LCH.Clearnet, Eurex Clearing, CC&G
- The Executive Committee drives the work of the Implementation of the Code of Conduct within EACH
- A Working Group on Access/Interoperability has been established within EACH composed of:

OMX Chair (Ann Flodström)

LCH.Clearnet (Rory Cunningham)

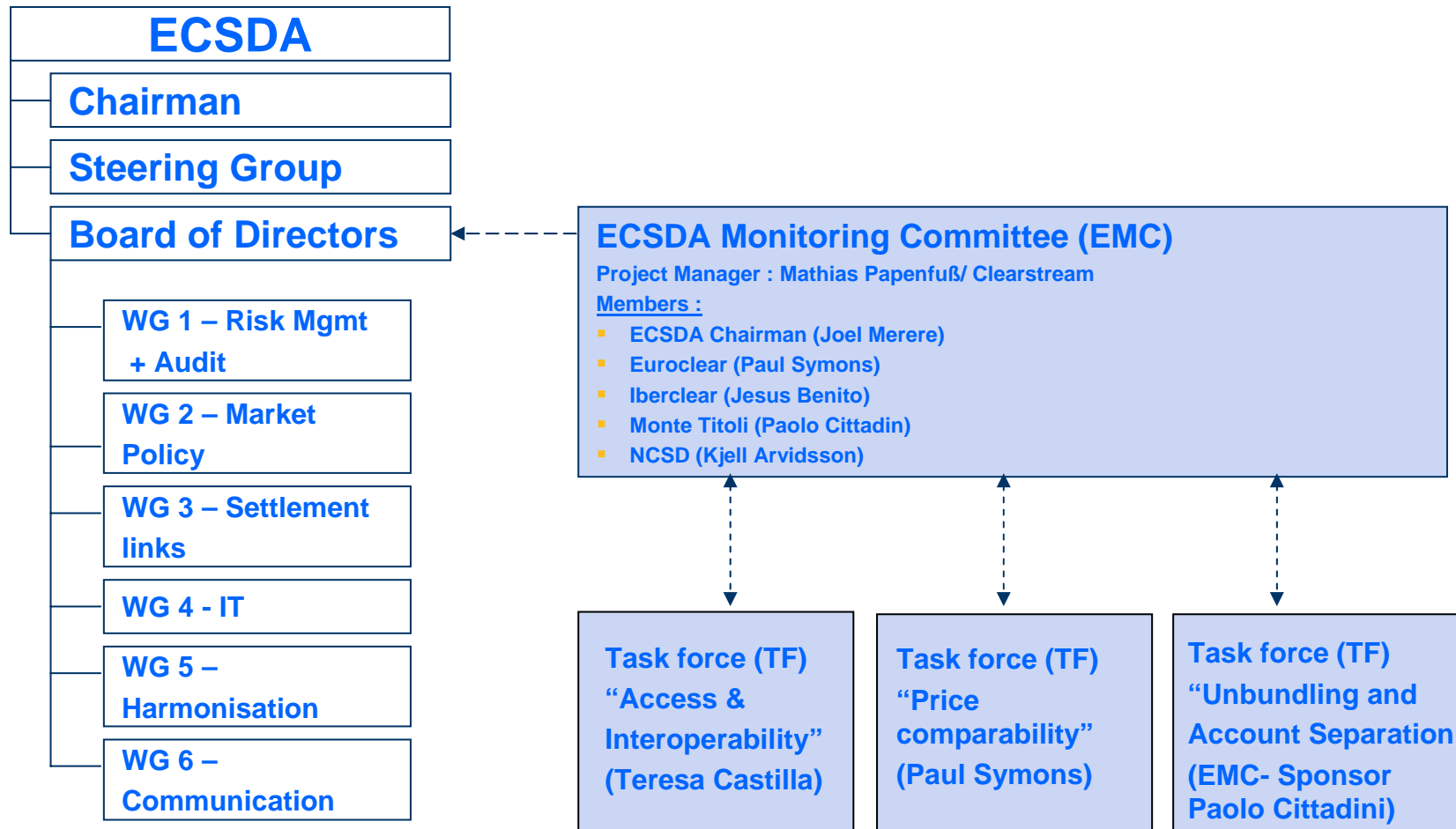
Eurex Clearing (Orlando Chiesa)

CC&G (Marco Polito)

SIS x-clear (Marco Strimer)

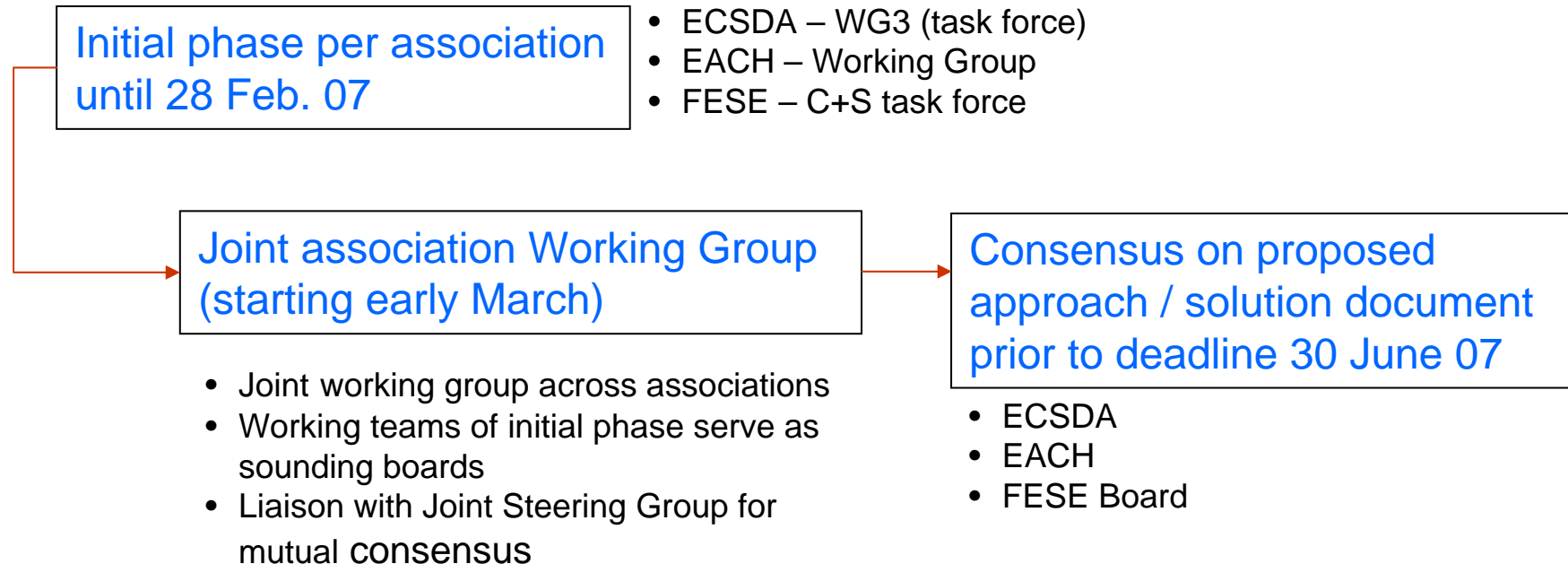
ECSDA

Monitoring Committee & 3 dedicated Task Forces to follow up implementation



Pan-association Work on Access & Interoperability

Joint Project Management function facilitate pan-association work



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Price Transparency - FESE update

Price Transparency Implementation report

- Sent to the Commission on 1 January 2007 available on FESE and Commission website
- Includes individual progress reports from exchanges:
 - Contact person for the Code of Conduct on every exchange
 - Email address for questions on the Code of Conduct
 - Dedicated webpage by each exchange on Price Transparency
 - List of measures completed
- Central hub on FESE website with links to exchanges Price Transparency sites: www.fese.eu

FESE Price Transparency sub-group

- High-level experts representing major exchanges
- Invitation of OXERA to the sub-group meeting on 17/01 and 20/02
- Follow-up of the implementation report prior to meeting with MOG on 20/04

Price Transparency - EACH update

- Draft version of the Interim report on compliance with the Transparency requirements of the Code sent to EU Commission on 29 December 2006

- Interim report will be sent to the EU Commission by 20 February 2007. All EACH members affected by the code broadly comply with the main Price Transparency requirements of the Code:

Have completed and enhanced the service descriptions and price information for their clearing and central counterparty services with respect to equities.

Have posted on their public websites information on prices for services that they provide, as well as describing such services.

Have enhanced and clarified information regarding discounts and rebate schemes as far as possible.

Still some work to do on detailed price examples subject to users-specification
Scheduled meeting with Oxera on Price Study

Price Transparency - ECSDA update

Implementation report to the EU Commission

- **Draft version circulated to the EU-Commission on 19.01.07**
- **ECSDA members sent back questionnaire on price transparency for self-assessment of compliance with the Code**
 - all members comply with the price transparency principles of the Code
 - some are working on more detailed price examples (but foresee publication by end of February 07)
 - in 4 cases the price lists are only available in the local language (no english version)
- **Final Implementation report on price transparency will be sent to EU Commission by 15.02.07**

Task Force “Price Comparability”

- **Initial meeting took place on 16. and 17.01.07 in Brussels. Representatives from Oxera and the EU Commission attended on first day**
- **First activities were agreed:**
 - Establish a conversion table on EU Comm.’s definitions and Service Unbundling & Account Segregation descriptions
 - Map current prices against conversion table
- **Next meeting on 27. & 28.02.07**

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Access & Interoperability - FESE update

FESE Board (with the help of C&S TF and Sub-groups)

- High-level experts representing major exchanges
- Technical meetings on 9 January 2007 and 17 January followed by discussions at Board level on 02/02 and 09/02
- TOR on 'deliverables' coordinated and agreed with EACH & ECSDA
- Final drafting of FESE position – access and interoperability from an exchange perspective possibly by end of this week (i.e. 16/02)
- Coordination FESE-EACH-ECSDA by end of February
- Joint-selection of project manager with FESE-EACH-ECSDA

Access & Interoperability - EACH update

- First EACH Working Group meeting took place 29-30 January, several further meetings scheduled in the near future
- EACH Working Group is in the process of establishing an EACH position paper for the end of February to support the further cross-Association work to start in March
- Concentrating on CCP-related issues, in particular Risk Management factors, in order to ensure the systemic stability of the financial markets in Europe is preserved once the Access and Interoperability provisions of the Code are implemented
- Open for discussions with User representatives on Access & Interoperability

Access & Interoperability - ECSDA update

Task Force “Access & Interoperability”

- Mandate confirmed; Initial meeting took place on 05+06 Feb. 2007

- Proposed first actions of the TF
 - Build a common understanding of the three categories of access (standard, customised, transaction flow access) and of interoperability by classifying the different types
 - Draft standardised application processes and describe examples

- Pan-association work planned to start early March 2007:
 - Joint working group across associations

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Unbundling Services & Account Separation – FESE update

- Was discussed by Board on 2 February
- FESE will do a survey on which competent authorities should receive the information
- Organisations that are part of integrated firms will individually work to be fully compliant with regard to cash equities.

Unbundling Services & Account Separation – EACH update

- Will be discussed at EACH ordinary member meeting on 23 March
- EACH considers there is limited further work specifically for CCPs at the moment since the CCP layer is generally separated from the trading and settlement layers. However some CCP organisations that are part of integrated firms will need to do some individual work to be fully compliant with this separation with regard to cash equities.

Unbundling Services & Account Separation - ECSDA update

Task Force “Unbundling and Account Separation”

- Preliminary activities of the Task Force "Unbundling & Accounting" will be conducted in February 07.
- A mandate for the Task Force will be confirmed by 16 Feb. 2007
- Representatives from the EU Commission will be invited to attend the first Task Force meeting