

Dismantling Giovannini Barrier 4 & 7 Status Report



ECSDA

European Central Securities
Depositories Association



An Affiliate of SIFMA ™

CESAME meeting
22 October 2007

The EPDA-ECSDA Co-operation



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- ECSDA is encharged to work on the removal of Giovannini barrier 4 (operating hours and settlement deadlines) and 7 (intraday finality)
- These barriers continue to raise issues for European fixed income instruments
- EPDA and ECSDA agreed on exploring the way to harmonize delivery and receipt settlement deadlines for both Free-Of-Payment (FOP) and Delivery-Versus-Payment (DVP) bond transactions.
- The analysis will be carried out by:
 - identifying a prioritized list of settlement deadline inconsistencies in respect to the statements done by WG5 (standards 1-10) ;
 - making proposals for how these might be addressed;
 - developing an agreed approach to ensuring that any harmonization and extension of deadlines is reflected in the corresponding deadlines of intermediating agent banks

Agreed Action Plan



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- ✓ The list will be built by ECSDA in the form of a case study on the base of a country pilot group including six national CSDs and one ICSD
- ✓ The following Action Plan was agreed with EPDA:
 - ECSDA would deliver by the **mid of November 2007** the case study of the official settlement deadlines applied by the selected (I)CSDs
 - EPDA would compare these official deadlines with their understanding (based on their previous work presented to the Cesame group on (I)CSD deadlines) in order to identify any inconsistencies
 - Based on this comparative analysis, EPDA and ECSDA would then discuss and agree by **mid of December 2007** how to expand the study to remaining CSD/ICSD links
 - According to the resulting comprehensive analysis of the deadline issue, EPDA and ECSDA would then discuss and agree by **end of February 2008** how to
 - harmonise settlement deadlines
 - ensure that they will be reflected in the corresponding deadlines of any intermediating agent banks
- ✓ In order to support the analysis, ECSDA will release by the **end of December 2007** a new release of its Standards Implementation Status Report