

15 October 2007

ESF AND ECSDA INTERIM REPORT ON HARMONISED MATCHING STANDARDS

The European Securities Forum (ESF) and the European Central Securities Depositories Association (ECSDA) announced in October 2006 that they have agreed on proposals to harmonise and standardise pre-settlement date matching processes (The Proposal). The Proposal was presented to the CESAME meeting on 23 October 2006 as contribution to the elimination of Giovannini Barrier 6.

The Proposal announced a planned implementation date of the harmonised processes by end 2009; in this high-level interim report ESF and ECSDA would like to give an overview of where larger markets stand and what still needs to be done in order to reach the goals of the initiative.

Large markets with high compliance

Some CSDs have in fact started immediately after the publication of the Proposal to adapt their processes accordingly. One year after the publication of the Proposal, matching harmonisation is therefore already in an encouraging status:

The ten large markets presented in the appendix have in the average removed more than 2/3 of the obstacles (68%). One of them (Belgium) has already removed all but two. The largest market (UK) is still un-compliant with only three relatively unimportant standards. The market with the lowest compliance (IT) has announced implementation dates for all of the standards in either 2008 or 2009.

Evaluation Methodology

The methodology used to arrive at these quantitative results was kept as simple as possible. It nevertheless intends to capture as many essential features of the Proposal as possible. To that end, Scope, Concept and Standards of the Proposal were converted into questions which could be answered with Yes (Y), No (N). CSDs were then invited to report their current status and, if already known, planned implementation dates.

The way forward

2008 will see further implementation of harmonised procedures and further announcements of planned implementation dates. ESF and ECSDA will deliver a new report in June 2008 ; the format of the report will then follow the reporting standards that are currently being prepared by the CESAME Group.

Appendix



Status of the implementation of the matching standards in larger markets

	BE	CH	DE	EB	ES	FR	IT	LU	NL	UK
Standard (Numbers relate to the Standards of the Proposal)										
0 Scope: FoP matching	Y	Y	N	Y	Y	Y	Y	Y	N	Y
1 Matching fields	Y	Y	Y	Y	N	Y	N	Y	Y	Y
2 One instruction only possible	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y
3 Real-time	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y
3a after ISD	Y	Y		Y	N	Y	N	Y	Y	Y
5 Unmatched retention > 20 days	Y	Y	Y	Y	N	N	N	Y	N	Y
6 No autocancellation of matched	N	N	Y	N	Y	N	N	Y	N	Y
7a Status transition H->R possible?	Y	Y	Y	N	Y	Y	N	N	Y	Y
7b Status transition R->H possible?	Y	Y	Y	N	N	N	N	N	N	Y
7c Status transition R->H after fail possible?	N	Y	Y	N	N	N	N	N	N	Y
9 H/R with ISO msgs?	Y	N	N	N	N	N	N	N	Y	Y
10 Acceptance and matching of instructions STP in the CSD	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y
11 Amendment of non-matching fields	Y	Y	Y	Y	Y	N	Y	N	N	Y
12 Matching fields highlighted in GUI	Y	N	Y	Y	Y	Y	Y	N	N	N
13 H/R fields highlighte in GUI	Y	N	Y	N	Y	N	N	N	N	N
14a actual status query	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y
14b previous status query	Y	Y	N	N	Y	Y	N	Y	Y	Y
16 matching data in allegements	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y
17 Tolerance 25 EUR equivalent	Y	N	Y	Y	Y	N	N	Y	Y	N
PCT	89.5	73.7	78.9	63.2	68.4	57.9	42.1	63.2	57.9	84.2

The markets are:

BE	Belgium
DE	Germany
CH	Switzerland
EB	Euroclear Bank
ES	Spain
FR	France
IT	Italy
LU	Luxemburg (including Eurobonds)
NL	Nederland
UK	United Kingdom

Colours indicate planned implementation dates:

	Implementation planned before 2009
	Implementation planned 2009