

Secretary General

BARRIER 8

Barrier 8 relates to national differences in issuance practice that arise due to the lack of an efficient same-day ISIN allocation/distribution mechanism, particularly an uneven capability to allocate ISIN numbers to securities in real-time.

Recommendation 8 of the Second Giovannini Group Report of April 2003 reads:

“National differences in securities issuance practice, in particular in relation to allocation of ISINs, should be eliminated. The International Primary Market Association (IPMA) and the Association of National Numbering Agencies (ANNA) should draw up proposals to this end. This barrier should be removed within three months of removing Barriers 7 and 1”.

ISIN numbers are assigned by national numbering agencies (“NNAs”) ¹. International securities are assigned a single XS-ISIN number by Euroclear S.A./N.V. and Clearstream Banking. This ISIN is shared between both ICSDs via a common file platform. Increasingly, issuers and market participants are using only ISIN numbers as a means of security identification. The other local securities numbers (e.g., WKN, Sedol, Code Sicovam) are used much less, particularly in cross-border transactions.

The national numbering agencies, encouraged by ANNA, have improved their systems for allocating ISIN numbers in recent years and now most domestic securities and all international securities are allocated ISIN numbers very quickly. To further illustrate the move towards standardised, uniform security identification, during the course of 2003 France, Germany and Austria replaced their local identifier codes with ISIN numbers.

IPMA is pleased to report that there are two important institutional developments which have gone a long way in assisting the removal of Barrier 8.

I. The ANNA Service Bureau

The ANNA Service Bureau (“ASB”) was established in 2001 and is managed by ANNA, Standard & Poor’s and Telekurs Financial. It is part of ANNA’s commitment to facilitate the financial industry’s movement towards straight through processing. ANNA continues to focus

¹ The national numbering agencies in the EU Member States are listed in Annex 1.

on and promote the timely, accurate and standardised identification of financial instruments through the use of ISIN in addition to ensuring ISINs are made available on a global scale.

The ASB acts as a central hub to receive and consolidate ISIN data from the 66 ANNA members, covering more than 200 countries and disseminates the security attributes data to the market via down-loadable FTP and web based solutions.

It is a common platform for the consolidation of ISIN and CFI products and replaces the GIAM (“Global ISIN Access Mechanism”) product.

As of February 2005, the ANNA Service Bureau had over 2.85 million ISIN numbers and local codes on its database, representing 2.16 million live securities. All major markets are included in the database, including all the EU Member states.

Market participants can access the database via daily or weekly bulk delivery of ISIN data via FTP or via a real-time web-based delivery tool.

The Service Bureau also makes available local identification codes and a cross referring system between ISIN numbers and such local codes.

II. European Pre-Issuance Messaging System

The European Pre-issuance Messaging System was established in 2002 by the Euroclear Group, Clearstream International and DTCC at the request of IPMA’s ECP Committee and ECP Operations Working Group. An automated interface within the ICSDs for ISIN allocation was implemented in 2003.

EPIM is a straight through processing messaging system for the establishment/creation of money market instruments and the allocation and distribution of ISIN numbers to the parties in the issuance chain. It links the dealers, issuing and paying agents, Euroclear Bank and Clearstream Banking. In 2004 it was connected to Euroclear France for international money market instruments.

IPMA established a set of information fields for EPIM messages and determined which fields are mandatory as well as setting default values. IPMA has developed a set of market conventions to facilitate the EPIM messages and fix default values.

As a result, the time required to allocate and distribute ISINs for Euro CP and certificates of deposit has been reduced from more than two hours to under two minutes.

As of February 2005, 46 per cent. of ECP and ECDs issued via dealers was issued through EPIM. All of the leading ECP dealers and issuing and paying agents are either currently live or in the process of testing EPIM.

The ICSDs are now considering extending EPIM to London certificate of deposit issuers, both tap and programme CDs and are working with the issuing and paying agents on extending it to direct issuance borrowers and the issuance of MTNs.

ANNEX 1

Austria	Oesterreichische Kontrollbank AG	(AU)
Belgium	Euronext – Brussels	(BE)
Cyprus	Cyprus Stock Exchange	(CY)
Czech Republic	Czech Securities Commission	(CZ)
Denmark	VP Securities Services	(DK)
Estonia	Estonian Central Depository for Securities Ltd	(EE)
Finland	HEX PLC	(FI)
France	Euroclear France	(FR)
Germany	Wertpapier-Mitteilungen	(DE)
Greece	Central Securities Depository S.A.	(GR)
Hungary	KELER	(HU)
Ireland	The Irish Stock Exchange	(IE)
Italy	Ufficio Italiano dei Cambi	(IT)
Latvia	Latvian Central Depository	(LV)
Lithuania	Lithuanian CSD	(LT)
Luxembourg	Clearstream Banking	(LU)
Malta	Malta Stock Exchange	(MT)
Netherlands	Euronext Amsterdam	(NL)
Poland	National Depository for Securities KDPW SA	(PL)
Portugal	Interbolsa – Sociedade Gestora de Sistemas de Liquidação e Sistemas Centralizados de Valores	(PT)
Slovenia	KDD Central Securities Clearing Corporation	(SI)
Spain	Comision Nacional del Mercado de Valores (CNMV)	(ES)
Sweden	VPC AB	(SE)
United Kingdom	London Stock Exchange	(GB)

The two international numbering agencies in Europe are:
Euroclear Bank S.A./N.V. and Clearstream Banking for XS ISINs