

CESAME Group

Synthesis Report of the meeting held on 22 October 2007

1. INTRODUCTORY ADDRESS - POLITICAL DEVELOPMENTS: ECOFIN

The Chairman¹ welcomed the group members and guests – specifically the participating members of the FISCO group - to the eleventh CESAME Group meeting². He recalled that the CESAME mandate expired in mid-2008 and urged all participants to make more significant progress in dismantling the Giovannini barriers. He then briefly summarised the main issues³ of the [ECOFIN conclusions of 9 October 2007 on Clearing and Settlement](#), highlighting the interest of the Council in work on fiscal and legal barriers. Being questioned on whether the envisaged time-frame of mid-2008 for dismantling (industry and public) Giovannini barriers was still realistic, the Chairman replied that while the industry was ahead, the FISCO report was now ready, the Legal Certainty Group report was expected for 2008 and the Council Conclusions were a clear supporting statement. One observer welcomed the conclusions regarding TARGET2 Securities.

2. MONITORING ISSUES

2.1. *Implementation and monitoring of the Code of Conduct on Clearing and Settlement – The Guidelines on Access and Interoperability: comments by the Commission*

Presentation: The Chairman reported on the last meeting of the [Monitoring Group \(MOG\)](#) held on 10 October 2007 and thanked market infrastructures for the timely delivery of the [Guidelines on Access and Interoperability](#)⁴, the practical application of which would be closely monitored. He made it clear that the planned timing for unbundling and accounting separation was feasible and had to be strictly observed, i.e. 1 January 2008 (discussion in MOG meeting on 21 January 2008). He called on infrastructures to apply a common framework regarding the allocation of costs and

¹ Mario Nava, Head of Unit in DG MARKT, G2

² As usual, meeting documents will be made available on the website after the meeting.

³ Amongst other things, the **Council** has stated that it:

- i.) welcomes the entry into force of the Code of Conduct's (the Code) provisions relating to price transparency and access and interoperability segments and looks forward to the entry into force of the area of the Code relating to service unbundling and accounting separation by the end of 2007;
- ii.) welcomes the fact that the European Central Bank (ECB) is conducting a public consultation process on the general principles, nature and scope of TARGET2-securities and
- iii.) concerning the **removal of legal and fiscal barriers** identified in the “Giovannini Report”, the Council agrees that their removal is a **key priority** and considers that concrete actions and a timeframe should be proposed promptly by the Commission on the basis of the work of the advisory groups taking into account the views and responsibilities of the Member States; and invites the Financial Services Committee to provide guidance to ensure progress and to monitor development.

⁴ http://ec.europa.eu/internal_market/financial-markets/docs/code/guideline_en.pdf

revenues which allowed comparisons as the current situation with no principles was not acceptable. Any cost accounting methodology should be clear about its coverage and operations (proper cost assignment to all relevant product markets and to customers in order to check against the various cost standards commonly used). It was clarified that external audit procedures applied mainly to the third part of the Code, i.e. unbundling and accounting separation, and CESR was asked to support this area actively. One topic of discussion during the last MOG meeting was the extension of the Code to other instruments. The preliminary feedback was that a thorough analysis was needed to establish whether or not such an extension was justified. The topic would probably be examined more thoroughly after the Commission's Final Report to ECOFIN (on post-trading and the Code) in March 2008. Infrastructures added that, in the case of an extension, other market participants should also sign the Code, and pointed out more details regarding access and interoperability in their [presentation](#).

Discussion: Users reiterated the importance for market infrastructures to take users' needs into account when considering making a link request and pointed out that issuers had to be involved in the debate, too. Users noted that they found out about link requests only via press articles. On this point, infrastructures insisted that some requests were possibly due to an impression of 'first come, first served' access and underlined that they were open to discussion with users. In reply to a question, it was clarified that the task of the market implementation groups concerned implementation of (industry) standards and recommendations, i.e. they were currently not expected to monitor the implementation of the Code.

2.2. *Work on the Giovannini Indicators*

Presentation: **Sebastijan Hrovatin** updated the Group on the work on building a methodology for indicators to monitor progress on dismantling the Giovannini barriers, following the discussions at the last CESAME meeting and a separate meeting with the industry. Specifically, the weighting of the barriers (in order to identify the most important ones) and markets had been adjusted. The weights for markets were currently based on equity-related data only, as no adequate source for bond-related data could be identified, so participants were asked for help in this regard. The methodology still distinguished between fact-finding, standard-setting (definition and endorsement) and – most importantly - the implementation. It was based on a hybrid approach that uses both qualitative (i.e. traffic lights) and quantitative (i.e. numerical values) methods to assess the progress on dismantling the barriers. Mr Hrovatin and the Chairman underlined that input from the industry (e.g. on planned milestones for work, work of market implementation groups incl. relevant constituencies and their size, etc.) was crucial to revitalise this exercise. This work would be undertaken also in view of the public barriers. Data input should be received at least once a year, but more frequent provision of details was welcomed. The Chairman stressed that the market weightings only came into play at the end of the exercise when numbers had to be aggregated and that it is paramount not to make the approach too qualitative.

Discussion: One member suggested differentiating between euro and non-euro countries because the situation regarding barriers could be different. Another member proposed to do a 'pro forma' exercise with current data. It was explained that UK market capitalisation also included non-UK stock which might be an issue for further reflection. One observer proposed the drawing up of a concrete roadmap from the indicators exercise in order to keep the pressure on both, the private and

the public sector. The Chairman explained that the weighting might also change, since this was not to be a scoring exercise for Member States, but the indicators should show the development with regard to barriers in the whole of Europe. This was questioned by a member who urged not to rely too much on numbers; instead it was suggested to clearly show the markets which were lagging behind, possibly by adding comments. One observer agreed that "naming and shaming" was essential to foster change in this area. In regard to the discussion on using traffic lights or numbers, it was stressed that the present approach had lots of details as a basis, and kept numbers and the information attached thereto, whilst being easily convertible to a traffic-light system.

Follow-up: Members to provide input from their market implementation groups by the end of the year.

2.3. Update on the Price Monitoring Study

Presentation: **Dr. Luis Correia da Silva** (Oxera) gave a [presentation](#) on the forthcoming challenging application of the methodology to monitor the evolution over time of trading and post-trading prices, costs and volumes. It should be noted that the data base for this exercise would be readily available data from the year 2006, i.e. from a pre-MiFID situation. Dr. Correia also thanked explicitly those entities who had contributed to the work and assured them that sensitive data would be kept confidential. The Chairman stressed that the Commission continued to attach great importance to this study.

Discussion: CESAME members discussed a number of **specific issues of the methodology** (e.g. trading coming from non-domestic market participants or entities with different roles, confidentiality and data aggregation/minimum sample size, comparisons between markets and venues induced by the study). The Chairman and Oxera emphasised that the stated aim of the study was to monitor developments over time (and not to do market comparisons), therefore it was not deemed to be appropriate to base the study on e.g. indices. The minimum sample would probably be three entities, but the exact number could also be concealed to provide confidentiality. The Chairman also clarified that while the Commission was the owner of the report, the individual information would stay under confidentiality with Oxera.

2.4. Charging of licensing fees for the use of U.S. ISINs

Doris Kolassa introduced the subject by pointing out that the Commission had always promoted the development and the wide use of standards, also in view of removing Giovannini barriers; therefore the complaints received about the charging of licensing fees for the use of ISINs were taken very seriously. Presently, DG MARKT had not yet taken any position and was in 'listening mode' – including colleagues from the copyright unit (D1), as well as colleagues from DG Competition. The discussion of this agenda item was intended to gather the views of the industry.

Then, Mr Siebel (BVI, Efama) expressed the views of the asset management industry as users of ISINs, following his letter to CESAME dated 13 June 2007. He thanked those CESAME members who had expressly supported the letter. Subsequent letters from Efama and [ISSA](#) to ISO had led to a discussion of users with the ISO general secretariat which clarified the possibilities of resolving the

licensing and pricing policies issues surrounding an ISIN 6166 reform. A general solution with respect to all National Numbering Agencies (NNAs) would seem to require a change in the ISO general operating policies and would not be possible within the technical standard itself. The pending case of charging licence fees and data interference by one NNA was under discussion between ISO and the Association of National Numbering Agencies (ANNA) and, according to Mr Siebel, might lead to removing ANNA as the appointed registration authority (RA) of this ISIN standard 6166 for failing to enforce the ISO cost-recovery limitation principle towards its members. Mr Siebel urged CESAME to support a change of the ISO operating procedures by the ISO Council in order to ensure free use of the ISIN records obtained from third party data vendor feeds within financial institutions' internal systems across all securities applications. He requested CESAME to support the ISO review of ANNA's role as RA too, and explained that the free "look up" service of individual ISINs - which had been suggested as a solution to the problem - was not sufficient because it would not meet the requirements of automated securities processing which relied on unencumbered use of data feeds. He warned that not resolving the issue would lead to less standardization, increased cost and operational risk in case of the cutting-off of third parties' data feeds by NNAs. He stressed that it was important not only to find a solution to the case in hand, but also to prevent a domino effect, *i.e.* preventing the spread of charging license fees on ISIN usage to other NNAs. Finally, the same issue could arise in view of other identifiers based on ISO standards, such as BIC or IBAN.

Discussion: The Chairman explained that up until now the ISIN licensing fees issue had been considered a matter of pricing policy and not a matter of regulation; therefore it had not been included in the dialogue with the US authorities. Many CESAME members supported the view and general approach taken in the above-mentioned ISSA letter (N.B. ISSA was very active in developing the relevant ISO standard) and agreed that the issue was a pricing policy issue (as had been pointed out at previous CESAME meetings), in particular ensuring proper pricing and preventing "double dipping"⁵. One member admitted that the issuance and maintenance of ISIN codes was an activity which incurred cost, and underlined that the intention was not to prohibit recovery of cost, but to promote a pricing model which did not give market participants the counterproductive incentive to turn away from standardisation and to use other means. Members stressed the importance of essential ISO identifiers, such as ISINs and IBANs, for financial industry's operations, and the use of standards in general, which had been pushed actively and which made markets work more efficiently and more safely. One member asked if SWIFT could become the RA for ISO 6166. It was said that the continuation or spread of this charging practice would invalidate most work done on Giovannini barriers (in particular barrier 1); also, no organisation should have such a stronghold on such an essential part of the industry. It was added that while, in theory, other NNAs should be able to provide ISINs, in reality there was always only one single source, so the pricing policy of one single NNA could create problems (and the Chairman added that prices could be easily increased once requested firms had paid for the first time, *i.e.* what might now seem to be a minor issue could become very big). Members expressed their support for urging ISO to resolve the pricing policy for all NNAs and to allow for the free use of ISO

⁵ In this context, double dipping referred to a practice in which clients pay for the same service twice: first through their subscriptions to wholesalers/data vendors and again through licensing fees for the use of information.

identifiers within any financial institutions' internal systems. A joint visit by Commission and industry to ISO was deemed useful in the near future.

Follow-up: Explore potential solutions; contact ISO to obtain more details and keep CESAME informed of any developments.

2.5. SEC broker-dealer registration for global custodians

The Chairman informed members about talks with the SEC to clarify/confirm that the provision of securities safekeeping and custody services (including ancillary services like securities lending and investing cash excess balances) by international banks (incorporated outside the U.S.) to U.S. investors would not subject these "global custodians" to U.S. broker-dealer registration requirements under the Securities Exchange Act (provided that the global custodian was deemed by the Federal Reserve Board to be subject to "comprehensive supervision or regulation on a consolidated basis by its home country supervisor/CCC standard"). He stressed that these services were permissible for U.S. banks under the "push out" provisions of the Gramm-Leach-Bliley Act without further registration, *i.e.* European banks seemed not to be on an equal footing with U.S. banks. The issue was therefore put on the EU-U.S. financial market regulatory dialogue. The SEC has promised "active consideration" of the issue.

3. ACTION FROM PRIVATE MARKET PARTICIPANTS – INDUSTRY PROGRESS: KEEPING UP THE MOMENTUM

3.1. Barrier 1 (differences in information technology and interfaces): SWIFT Common Protocol Recommendation

Presentation: Andrew Muir of SWIFT⁶ briefly [presented](#) an update on the status of the solution to Barrier 1, the [Communication Protocol](#)⁷. After having discussed with ISSA, SWIFT had concluded that the Common Protocol implementation should be monitored by setting a target (in terms of processes covered by protocol compliant messages) for each infrastructure which should be met at least within the Barrier 1 deadline of March 2011. These targets should be determined by asking the infrastructure user community (*i.e.* ISSA membership) in the form of a survey planned to be conducted up until the end of 2007. This survey will be co-signed also by the Commission. The second part of the presentation covered the co-existence of the current ISO 15022 standard and the new ISO 20022 standard and the further development of the latter (core messages for settlement should be ready by end-2008, for corporate actions by end-2009).

Discussion: Following requests, it was clarified that most probably - and in view of the support of many market participants – it was very likely that implementing ISO 20022 would, in the long run, save costs.

⁶ **N.B.** The ISO 20022 **Registration Authority** (RA) is the guardian of the UNIFI Financial Repository. The RA mission is to ensure compliance of developed Repository items with the approved technical specifications and to publish the Financial Repository on www.iso20022.org, on behalf of ISO. [Registration Requests](#) to update the Financial Repository are sent to the RA. The RA services are provided by SWIFT sc.

⁷ "Recommendation for European Securities Clearing and Settlement", March 2006

3.2. Barrier 3 (corporate actions)

Presentation: **Werner Frey** of ESF gave a [presentation](#) on the work undertaken by ECSDA, ECSAs⁸, ESF, EALIC and FESE on dismantling barrier 3 (corporate actions)⁹. There was a short update on [mandatory distributions](#) and the work of the joint working group on general meetings as well as the new approach agreed by associations, in particular on reorganizations and transaction management. The previous "Common Deliverables" shall now become a revised set of agreed and endorsed recommendations to be finalized by mid-2008. Market Implementation Groups (MIGs) would facilitate and monitor implementation due in 2009. ESF would be the contact point for work on standards and EBF for the work of MIGs. Members attention was drawn to the recent "[Statement on the need for universal, standardized messaging in corporate actions](#)" by the Association of Global Custodians". *N.B.* As barrier 3 in the operational conclusions could not be updated properly before the meeting due to time constraints, an updated version would be prepared after the meeting.

3.3. Recommendations on corporate actions: results of the consultation

Presentation: **Florence François-Poncet** of the company law and corporate governance unit of DG MARKT (F2, responsible also for the recent [Shareholders' Rights Directive](#) 2007/36/EC) updated the group on the [results](#) of the [consultation](#) on possible recommendations on shareholders' rights. She first explained that a recommendation had been contemplated because there were some items which were consulted upon and seemed to merit action but which could not be addressed in the directive (e.g. depository receipts and stock lending). In the course of the negotiation of the directive, the Commission also made an official declaration to explore how to address certain issues (namely the role of intermediaries, the identification of shareholders and translation of general meeting documents, the latter – together with the status of fund management companies - was also demanded by the EP's ECON Committee).

The consultation yielded about 100 [responses](#). Overall, transparency proposals were welcomed, but no action was requested regarding a) translation of documents (as large companies already provided translations, but small businesses should not incur this cost), b) on depository receipts, and c) on some proposals regarding stock lending (but there was strong support to increase transparency regarding stock lending). Favorable responses were given on the issues raised regarding intermediaries. Work on the impact assessment was under way; however, it was stressed that no final decision on adopting the recommendation or on its substance had yet been taken. On request, it was clarified that issues on record date (between three and 21 days - creating difficulties for intermediaries) could not be included because this was a central point of discussion resulting in the present text of the recently adopted Directive.

⁸ European Credit Sector Associations, i.e. FBE, ESBG, EACB

⁹ For a basic overview on the issues and processes on barrier 3, please refer to the Synthesis report of 7 March 2005.

3.4. Interdependencies between Barrier 3 and other barriers: The work of the ad-hoc joint working group on legal and fiscal constraints and Barrier 6 (differences in standard settlement periods)

No meeting had taken place since the last CESAME meeting, but ESF and ECSDA briefly presented an update of the high-level [interim report](#) on harmonising matching rules, citing encouraging developments regarding implementation.

3.5. Barrier 4 (intra-day settlement) and Barrier 7 (settlement deadlines and operating hours/days)

Presentation: Joël Mérére (ESCDA) [presented](#) an overview on the cooperation with [EPDA](#) on remaining difficulties (e.g. cut-off time) which would be addressed in detail according to an agreed action plan.

4. CESAME WORK IN THE FUTURE (2008) AND HOW TO TAKE IT FURTHER

4.1. Establishing a CESAME report – timeline and content

4.2. How to continue work on the Giovannini barriers and monitor progress – brainstorming with CESAME members

Presentation: The Chairman introduced this item by separating the two issues: the CESAME Report and the continuation of the industry group, remarking that at the next meeting, stocktaking regarding industry barriers would have to start and a roadmap for further work would have to be established. Therefore the Chairman suggested that a 'CESAME report' be produced on both, concrete actions and deadlines (first draft for the February meeting, which could be finalised during or after the last meeting) and invited a discussion on how to take CESAME's work further in an adequate form and who should undertake this work.

Discussion: Members clearly agreed that work had to continue, possibly expanding its scope to include potential additional obstacles. Several members pointed out the disappointing experience with work undertaken by the G30, which had, to a certain extent, been lost when monitoring had stopped. In order to prevent the CESAME's work from suffering the same fate, they urged the Commission to keep the momentum gained as well as the high-level support, in particular since the dismantling of many barriers had not yet been entirely achieved, so some pressure should be applied. Members appreciated the transparency and connections CESAME had provided and pointed out its achievements, i.e. to get the private and public sector moving. They underlined the fact that implementation of the standards and recommendations was even a more challenging task than developing them. Members stressed, however, that future work must be clearly defined and follow a well-set agenda (not to lose focus). The benefits and disadvantages of several approaches were discussed (e.g. industry monitoring group – at least for industry barriers; private sector group with public sector participation in order to facilitate Member States' tackling of public barriers; support for involvement of the Commission; continuation of successful CESAME format; frequency of meetings; how to push effectively for implementation).

The Chairman referred back to the [CESAME mandate](#) and stated that the advisory part of the Group was probably finished (as a policy was agreed and was being jointly pursued) while monitoring was to continue – applying appropriate pressure. The central part of monitoring should focus mainly on the removal of the

Giovannini barriers, but at the same time remaining flexible towards the fact that markets had evolved and there might be additional issues, especially linked to new developments (such as TARGET2 Securities). The Chairman clarified that three meetings p.a. were the minimum for such work.

Follow-up: Commission to a) explore the availability of funds for a "CESAME II" with a frequency of three meetings per year, b) contact Council on how to involve the public sector best, c) Secretariat to provide a paper on previous points before Christmas, and a draft CESAME report for discussion in February 2008.

5. IN THE SPOTLIGHT: FISCO GROUP WORKING RESULTS

5.1. *The FISCO Conference of 23 October 2007*

The Chairman invited all CESAME members to participate in the FISCO¹⁰ [conference](#), and reiterated in this context the importance of the ECOFIN conclusions (cf. section 1. above) calling for the first time for action in this area.

5.2. *Main themes of the FISCO conference: transaction tax procedures and withholding tax procedures*

Presentation: **Klaus Zinkeisen** and **Charles Hellier**, (FISCO members) then [presented](#) the main themes of the FISCO conference (transaction tax and withholding tax procedures) and the [FISCO Second Report on Solutions](#) (SRS). It was reiterated that the solutions proposed by the SRS were intended to be practical, targeted and easy to implement in order to resolve many of the administrative and efficiency problems identified in the Fact Finding Study. The aim was to remove fiscal compliance barriers related to EU post-trading services and to ensure that local fiscal procedures operated more efficiently.

6. PUBLIC AUTHORITY ACTION AND PUBLIC SECTOR BARRIERS

6.1. *Update on TARGET2 Securities and the CCBM2 market consultation*

Gertrude Tumpel Gugerell of the ECB gave an updating [presentation](#) on [TARGET2-Securities](#) (T2S). The project was on track: user requirements were planned to be finalised by the end of 2007 with a following consultation round. It was also planned to cater for national specificities to a certain extent. One major point was still the assessment of cost. Ms. Tumpel Gugerell thanked market participants for their active contribution and asked for their continuous support. Mr Giovannini noted that T2S could have a major impact on several Giovannini barriers and stressed the need for catalysts which introduced change in many other areas. He called the T2S project the strongest candidate for leadership in this regard. One member added that, in order to contribute properly, the industry needed input on time as well as time to reflect.

Daniela Russo presented the outcome of the public consultation on the review¹¹ of the current Eurosystem collateral management handling procedures, the Correspondent Central Banking Model ([CCBM](#)), which was a system of central

¹⁰ All FISCO Documents can be found on the FISCO web-site: http://europa.eu.int/comm/internal_market/financial-markets/clearing/compliance_en.htm

¹¹ See CESAME minutes of 11 June for more details.

banks acting as custodians for other central banks thus allowing the Eurosystem to manage cross-border collateral. The new system ([CCBM2](#)) will allow central banks participating in it to use a single platform for managing all their collateral, domestic and cross-border. She stressed, however, that no decision on the final set-up of CCBM2 had been taken yet. She clarified that, while there would be a connection between CCBM2 and T2S (that would provide a single settlement platform for central bank collateral), CCBM2 would still need the link with all the CSDs (as far as custodian services were concerned) holding eligible collateral. She also clarified that the scope of CCBM2 would include all eligible collateral, *i.e.* that under the modular approach envisaged so far, markets could use all eligible collateral, *i.e.* not only securities but also bank loans/credit claims.

6.2. Update on CESR's work and ESCB/CESR standards

István Farkas (CESR) informed the Group that, on the ESCB/CESR standards, CESR (Clearing and Settlement Expert Group) was awaiting the outcome of FSC work (on the legal basis, scope and substance of the standards) initiated by the October ECOFIN conclusions (see section 1. above). Also, the high-level mandate of the newly-founded Post-Trading Expert Group had been further refined by a report of this Group tabled to the CESR Plenary in October; this Group was now tasked to work on the role of Regulators in regard to the Code of Conduct and the impact of TARGET2 Securities. One member urged CESR to work on harmonisation of capital requirements/weighting for CCPs (in view of netting agreements with CCPs) and the consistent application of ratings (in particular if rating agencies diverged in their rating on the same instrument). One observer remarked that the ESCB/CESR draft standards were not so different from the CPSS-IOSCO recommendations and that most CCPs had already done a self-assessment against the latter recommendations which was publicly available. Upon a member's question on the role of regulators, it was clarified that any possible sharing of general information on handling of Code of Conduct data had to be in accordance with confidentiality requirements.

6.3. Legal Certainty Group: Barrier 13 (absence of EU-wide framework of law) - Update on the work of the LCG

Presentation: **Philipp Paech** gave an up-date on the state of play regarding the removal of legal barriers. He informed the Group that it was the aim of LCG to finish its final advice by summer 2008, *i.e.* in tandem with the CESAME group and in order to fit into the schedule for the UNIDROIT draft convention. The main items discussed were transfer of securities and pledges.

6.4. Barrier 15 (conflict of laws)

Presentation: **Philipp Paech** recalled the need for clarity on the law applicable to securities which (in today's global markets with more cross-border activity) had to be the same on both sides of the border - otherwise, there was the possibility of a conflict of laws. Only for securities used as collateral in the EU, the Financial Collateral Directive provided that the determining law was that of the Member State in which the securities account is located (PRIMA rule). Corresponding rules in the Settlement Finality Directive¹² and the Directive on the Winding-up of credit

¹² OJ L 166, 11.6.1998, p. 45.

institutions¹³ did also not cover all securities collateral. While for some the PRIMA rule nevertheless provided sufficient clarity, others have argued that it is difficult to apply, because (physical) location was not easily reconcilable with electronically maintained records.

Initially, Member States and the Giovannini group considered that the **Convention of The Hague**¹⁴ giving choice of the applicable law would provide a more comprehensive (and globally compatible) solution. However, the Commission's proposal (2003) for signature has caused an intense debate in the Council with divided opinions. The ECB has expressed its reservation and the European Parliament adopted a resolution in favour of the PRIMA rule. Therefore DG MARKT presented a reflection paper to the Civil Law Committee and the European Securities Committee assessing ways of improving the PRIMA rule in order to enhance legal certainty. The paper recommended introducing a mandatory country reference for all securities accounts. Discussion in the Civil Law Committee will continue; and the ECB has been asked for an opinion.

6.5. *Barriers 2/10 (restriction on location of C&S and on primary dealers) and Barrier 9 (restriction on location of securities): ways to address these barriers*

The Chairman mentioned that individual Member States might have legal provisions or settled administrative practices (*i.e.* not mere market practices) in place that constituted obstacles to cross-border clearing and settlement. However, for the time being the Commission did not have enough precise information (e.g. from CESAME members) on such provisions and would welcome any details. One member pointed out that only due to CESAME discussions, DG Competition work and MiFID, changes happened in the primary markets although some issues for discussion remained in some Member States' bond markets.

6.6. *Remaining public Barriers 5 and 14 and update of the operational conclusions*

Presentation: The Chairman announced that to the Commission's mind, Barrier 14 (netting and collateral) was regarded as being dismantled since the careful review and discussions with industry on the now fully-implemented Financial Collateral Directive and the Settlement Finality Directive had shown that all the issues referring to bilateral netting had been solved (the Giovannini Reports clearly referred to bilateral netting, further issues were not considered to be of major importance for the time being). CESAME members did not dispute this analysis.

7. OTHER ISSUES

7.1. *Date of the next meetings*

The last two CESAME meetings in 2008 are scheduled for

- Monday, 18 February 2008

- **FINAL MEETING: Monday, 9 June 2008**

¹³ OJ L 125, 5.5.2001, p. 15.

¹⁴ Hague Convention on the law applicable to certain rights in respect of securities held with an intermediary of 2002