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EACH  
European Association of Central  
Counterparty Clearing Houses  
c/o OMX  
Mrs Ann Flodström  
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Stockholm 19 Feb. 2007

## **Interim report regarding price transparency**

**Dear Mr McCreedy,**

On behalf of the European Association of Central Counterparty Clearing Houses (EACH), I submit to you our first interim report on the implementation by Members of EACH of the price transparency requirements set out in the European Code of Conduct for Clearing and Settlement. I also intend to send you updates in our next interim report.

As you will see from the attached report, Members of EACH comply with the main price transparency requirements of the Code.

EACH would like to thank the Commission for the constructive and practical way in which the work in relation to the Code has developed so far, and hopes that this approach will continue in the future. In the forthcoming phases of implementation of the Code, EACH will continue to coordinate the work done by its Members in this respect with the aim of facilitating such implementation.

Finally, let me express, on behalf of EACH, our view that the implementation of the Code will be an important contribution to the enhancement of an efficient and integrated financial market in Europe.

Yours sincerely,

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## **First Interim Report on price transparency**

The European Association of Central Counterparty Clearing Houses (EACH) was formed in 1991 as an informal forum by several of the European clearing houses. EACH's participants are senior executives specialising in clearing or risk management from some fourteen European clearing houses – or, as we now must call ourselves to differentiate us from providers of other forms of clearing services, CCPs.

EACH, and its members, put a lot of effort into collecting the necessary information and building consensus, and actively participated in the discussions to achieve a common understanding with FESE, ECSDA and the Commission, during the negotiation process of the European Code of Conduct for Clearing and Settlement (the Code). We have always taken a constructive and practical approach, in order to reach an agreement which will enhance the goals of greater efficiency and integration in Europe.

EACH fully supports the process under way and is committed to actively work on the implementation of the Code. At this point, EACH would also like to draw to the attention of the Commission that timely implementation has not been an easy task. Members of EACH had to devote important resources to ensure implementation of the Code at a time of the year when many other activities needed to be handled. It was therefore the case that in certain instances some of the steps taken to comply by the set deadline have been complemented or further refined in 2007.

### **General**

During the last two months of 2006 and first month of 2007, EACH's role was mainly focused on coordinating the implementation work done by its Members regarding price transparency as specified in the Code.

EACH has had several internal meetings to discuss the implementation of price transparency, and has also now started to discuss principles for access and interoperability in detail. EACH is committed to continue working throughout 2007 on these topics and several meetings are planned in this respect.

There have also been meetings between EACH, FESE and ECSDA regarding how to further structure the work, and more specifically discussions about the need for, and the organization of, a common project group, most probably with an external project manager, since the workload cannot be handled within the current informal arrangements. The purpose of such a group would be to coordinate the activities done within the different organizations and work on cross-organizational issues.

### **Service and price information on the website**

As can be seen from the attached table, all members have completed and enhanced the service descriptions and price information for the clearing and central counterparty services with respect



to equities. All members also comply with the Code by posting on their public websites information on prices for services that they provide as well as describing such services.

## **Discounts and rebates**

Members of EACH now comply with this part of the Code, although a few Members were not able to finalize this requirement within the short timeframe for 31 December 2006. There were difficulties because of some local regulatory requirements, and the need for additional authorizations, requiring for instance formal Board meetings, that could not always be organized before the set deadline.

## **Examples and comparability**

Almost all of the members have published examples in order to explain prices for different customer types or for different levels of activity. Wherever possible they also include discounts and rebates.

EACH believes that in general the price transparency measures that its Members have adopted do indeed allow their current users (and potential users) to compare across them. The focus is on the Members' own specific activities; the Code does not remove the ability of entities to organize the clearing and central counterparty services in different ways.

Having said the above, EACH welcomes the opportunity to engage in constructive dialogue with representatives of the user community in order to discuss what further steps its Members could take to enable users to compare prices where services are genuinely comparable. This process will of course supplement the existing dialogues that each Member conducts as a matter of course with its own users and home market.

## **Modification of the EACH Website for the purposes of the Code**

The front page of EACH's website (<http://www.eachgroup.org/>) already has links to the Members' websites. Nonetheless, EACH is currently enhancing its website and intends to update it with specific information about the Code.

During the year EACH will consider adding direct links to the specific parts of the Members' websites where information on services and prices are located. A separate part of the EACH website will also be dedicated to general information about the Code and its progress, including a list of the members who have signed the Code. The EACH website will then act as a central point both to collect links to Members' price and service information, and to get general information about the Code as it develops. This should make it easier for users and the public to get information in order to compare different Members' offerings.