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EUROPEAN SAVINGS BANKS GROUP
GROUPEMENT EUROPEEN DES CAISSES D'EPARGNE
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EUROPEAN ASSOCIATION OF COOPERATIVE BANKS
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R7051DER
SF
12/04/07

ECSA USERS' TASK FORCE

Analysis of the Implementation of the pan-European Code of Conduct for Clearing and Settlement: Price Transparency

1. A market infrastructures users task force (“the Users TF”) has been created as a forum for the ECSAs¹, their direct and indirect members, to exchange information and experience in relation to the implementation of the provisions of the pan-European Code of Conduct for Clearing and Settlement (“the Code”) by its signatories. The Users TF has committed to structure and prepare input from the community of users (of market infrastructures) for consideration by the European Commission, as part of its ongoing monitoring of the implementation of the Code, and the Market Infrastructures (MIs) themselves.
2. This is a response to the Commission’s request, expressed during the first meeting of the Code of Conduct Monitoring Group (MoG) of 22 January that users organise themselves to:
 - provide views on the implementation of the Code;
 - formulate recommendations to ensure full implementation of the Code;
 - discuss such recommendations with Market Infrastructures

This request was further outlined by Commissioner McCreevy in his speech of 27 March 2007 before the European Parliament.²

3. This paper is the first such systematic analysis of the implementation of the Code by the Users TF and relates specifically to the implementation of the price transparency provisions of the Code. This paper is intended to be read alongside additional input presented by other representatives of the community of users in

¹ ECSAs – European Credit Sector Associations: Please see Annex III below.

² Commissioner McCreevy stated: “I encourage the infrastructures to work in close collaboration with the users in order to bring about the needed improvements [on issues such as price comparability]. I was pleased to learn that work in this direction has already started.”

the collective effort to ensure smooth and appropriate implementation of the Code by MIs. The Users Task Force has reviewed the application of the transparency provisions of the code with following order of priority: first tier priority, CSDs and ICSDs, second tier priority CCPs and third tier priority, exchanges.

4. The paper sets out general observations based on the pan-European feedback received. The paper then draws upon a number of examples, in line with the general remarks pointing to good and/or best practices as well as to perceived deficiencies in the Code's implementation. The paper concludes by drawing up a number of observations for further consideration by the European Commission and the MIs so as to fulfill the "letter and the spirit" of the Code's implementation.

Executive Summary

5. The community of users has observed, taken note and hereby summarises as follows in respect of the implementation of the price transparency provisions of the Code by its signatories, the MIs³:
 - Users are encouraged that MIs have gone to great lengths to be compliant with most elements of the relevant sections of the Code in the very tight timeframe set out. Therefore, users acknowledge that the implementation of the Code "in letter" has by and large been completed.
 - However, to fully implement the Code in the spirit in which it is intended, and in doing so to truly fulfil its objectives, is more often than not, work that is still in progress.
 - Users observe a number of good and best practices across a range of markets, large and small. Implementation of paragraph 10 of the Code has generally been implemented well.

³ In its Issues Paper published on 24 May 2006, "Competition in EU securities trading and post-trading", DG Competition also qualified CSDs, CCPs and Exchanges as infrastructures and described them as follows: "*The firms who operate the infrastructure of [the EU and the US] markets engage in an activity with significant macroeconomic externalities.*"

For the sake of definitions, we refer to the following CPSS-IOSCO description of CSDs and CCPs:

- In recent years, most markets have established central securities depositories (CSDs) that immobilise physical securities or dematerialise them and transfer ownership by means of book entries to electronic accounting systems;

- A central counterparty (CCP) interposes itself between buyers and sellers, becoming, in effect, the buyer to every seller and the seller to every buyer.

These activities can in no way be confused with those performed by users, who depend upon a free and transparent access to CSDs and CCPs to compete in their own field as intermediaries.

- It is also possible to identify some examples of good practices in respect of the implementation of chapters 11 to 18. However, the general picture for the implementation of these paragraphs is rather mixed with users in important markets noting some general deficiencies in the Code's implementation.
- Having identified good practices in some markets users invite those MIs with observably deficient implementation of the Code to consider adopting the best practices of their peers, in a reasonable and realistic timeframe, to fulfil the implementation of the Code in the letter and the spirit in which it was intended.

I. General remarks

6. Firstly, users would like to **recognise and pay tribute to the efforts the MIs have gone to implement the Code's provisions on price transparency in the very short space of time** between the signing of the Code and the deadline for implementation of the price transparency provisions of the Code falling due. Users interpret this response from the MIs as being a strong signal of their collective willingness not only to see the Code succeed *per se* but also to achieve the wider aim of facilitating access to the trading and post trading spaces for the wider European greater good and for the specific benefit of their users.
7. In view of the demanding schedule to become compliant with this first element of the Code, **users acknowledge that the implementation of the Code "in letter" has by and large been completed** (with the general exception of the ongoing work on comparability described in paragraph 15). However, **to fully implement the Code in the spirit in which it is intended, i.e. to truly fulfil the objectives of the Code, is more often than not, work that is still in progress.** The community of users therefore looks forward to working closely with the MIs to achieve positive results in this second stage of implementation.

Common good practices

8. **Users have undoubtedly witnessed improvements since the Code has been implemented.** In general terms a good level of publication appears to have been carried out by the signatories to the Code. In fact, some MIs have already extended the provisions of the Code to cover classes of assets other than shares, which is also a positive development.
9. Users remark favourably from across Europe that the **transparency of fees and tariffs has increased and that information surrounding rebates and discounts are now clearer and more intelligible.** This transparency is a first step to enable users to make choices about the level and nature of services on offer.

10. **Some MIs have gone one step further and have enabled users to calculate the level of fees they could expect to pay in a range of scenarios.** Users deem this practice to be best practice but its uptake has been rather inconsistent across all MIs.
11. In summary, although there will be exceptions to these general observations, users have noted particular improvements, since the implementation of the price transparency provisions of the Code by MIs, in the following areas:
 - **full disclosure of tariffs** on the websites of MIs; and
 - **amendments to tariffs are highlighted and documented.**
12. Two other good practices worthy of note, although in force prior to the implementation of the Code are:
 - **single invoicing at Group level**, which evidences total bills paid to the CSD; and
 - on-line availability of **historical fee schedules.**

Common deficiencies in implementation

13. Notwithstanding some notable and very welcome developments the users' main concerns at this stage is that **although transparency has increased *per se*, users feel that in some circumstances some MIs do not appear to have fully taken on board the spirit of the Code**, which we take to be the concepts of comparability and reconcilability.
14. Users note **a general difficulty when it comes to billing reconcilability, sparseness of examples and that methodologies cannot be readily compared.** Above all the information presented is done so in some cases in overly long documents which render the information inaccessible or at least difficult to navigate. We would therefore **urge MIs to consider what would be "meaningful transparency" in the letter and the spirit of the Code.** We have also noted a number of cases where MIs fees have increased without due prior warning and/or due consultation.
15. In summary, although there will be exceptions to these general observations users have noted the following issues which point to deficient implementation of the Code "in letter and spirit," by MIs:
 - **complexity of tariffs and pricing policies** as a result of very detailed and often bespoke itemisation where detailed market specific knowledge is often required, hampering comparability with other MIs;

- **availability of historical tariffs** for benchmarking purposes;
- **widespread publication of scenarios, examples and/or fee** calculators which can be used to estimate the level of fees.
- **presentation of tariffs and invoices** (often in html format and not always in English); and
- **meaningful consultation with stakeholders** and notice before tariff changes are implemented.

II. Specific examples

16. The following section compares the implementation of the Code by selected MIs against the text of the Code itself. The examples were selected to highlight areas of good and/or best practices on the one hand and areas where improvements are necessary on the other and do not necessarily reflect the users' overall opinion of how the respective MIs have implemented the Code (see table in annex with specific feedback on each MI).

Prices and services

10. The published price lists shall contain all services and prices, a brief description of each service, and the relevant price basis. All Organisations agree to apply the published price list.

17. This area has generally been implemented well by the vast majority of MIs. For example, **SegaInterSettle (SIS)**, the Swiss CSD, publishes all relevant tariff information and the rebate description in the public part of its website. The relevant basis pricing, the rebate granted (based on assets under custody) and each individual fee code are accessible on the SIS website. SIS also provides its participants on the individually available secured part of the SIS website with CMI (Customer Management Information) in Excel. CMI reflects all of a participant's activities, price components, volumes, rebates for all kind of fees charged and provides as well the most interesting information in form of quarterly produced graphics. SIS-Participants have the possibility to have the CMI customised up to a certain extent. This is clearly one MI that has implemented the Code in letter and in spirit.
18. Likewise, the commitment of **Deutsche Börse Group** and **Monte Titoli** to make available a fee calculator on their respective websites is particularly noted to be best practice in this area.
19. Furthermore, the **Cypriot CSD** has published a simple fee scheduled which is readily understood, however examples could be added to illustrate a sliding scale. Other MIs such as **Euroclear Belgium**, could follow the good example set by

KELER in Hungary which publishes its fee schedule in English, which also contains a conversion table for equity related issuer CSD services to facilitate comparison of fees.

20. The British and Irish CCP and CSD are also strong in this area as all services, prices, terms and conditions are published in the appropriate areas of the **LCH.Clearnet Ltd.** and **CREST Co** websites although some improvements are still necessary to make the information more user friendly (e.g. presentation in a single document and better descriptions of the services provided). The same comment is relevant for **LCH.Clearnet SA**, which provides CCP services in France, Belgium, Holland and Portugal. In addition, **LCH.Clearnet SA** has improved the level of transparency by publishing fees paid to Exchanges, and passing on to members the fees recharged by CSDs and ICSDs. The level of completeness of information is also generally good and improving (e.g. **Euroclear France**).
21. However, users have identified a number of deficiencies in the implementation by some MIs. The **Greek and Cypriot CSDs** mix different types of fees and the fee schedules are not well structured, for example fees charged to CSD participants are mixed with fees charged to issuers. Moreover the tariff of the **Greek CSD** is only available in pdf format and uses some acronyms, which serve to undermine its usefulness. This last observation is common to other important CSDs such as **Euroclear France** and **CCPs such as LCH.Clearnet Ltd and SA**, but not so for **Euroclear Bank** where users report that the terminology it uses is clear and very concise, or **Iberclear** where the structure of the fee schedule is clear (grouped by types of users and services) and services are clearly described.

Discount and Rebate Schemes

11. For the purposes of this document, discounts mean price reductions applicable *ex ante* to published prices ("Discounts").

12. Rebates mean price reductions which apply *ex post* to the cumulative amount invoiced or paid in a certain time period ("Rebates"). As these could be subject to Board approval by the different Organisations *ex post*, it may not be possible to stipulate the exact amounts or percentages applicable in advance. However, the existence of such regimes should be published in advance and the relevant financials published once Board approval has been granted.

Criteria for access to Discounts and Rebates

13. Price reductions applicable to any customer fulfilling specifically defined criteria ("Discount and Rebate Schemes") shall be published together with the respective price lists and applicable eligibility criteria. The Organisations will upon request provide information about how such Discount and Rebate Schemes apply to customers.

Price Examples

14. Organisations shall publish price examples that facilitate the comparison of offers and allow customers to anticipate the price they will have to pay for the use of services. These examples shall comprise the total charges a customer will have to pay to the Organisation in order to obtain a service (e.g., including the variable charges for conducting a typical transaction on the respective systems, including charges for services and activities necessarily related to this transaction, as well as total charges for becoming and remaining a customer).

22. Users' feedback in respect of discounts and rebates is rather mixed. Notable improvements have been witnessed by users of **LCH.Clearnet Ltd.** as regards transparency surrounding discount schemes and eligibility criteria and information on how discount schemes could apply to their customers is quite explicit. In fact this could be one area of best practice that other MIs could adopt. LCH. Clearnet explains on its website that "[t]he EquityClear tariff is banded, the marginal fee reducing as total cleared trade volumes rise. Therefore, the higher the volume of trades cleared the lower the fee charged per trade; this being the same to all members."
23. However, users of **CREST Co** have less favourable feedback when it comes to rebate schemes. Details of the latest and previous years' rebates granted are not available on the website. The same is true for examples that explain rebate schemes for different types of customers or customer groups and information on how rebate schemes apply to customers, which is given to users only on an individual basis.
24. Users of **LCH.Clearnet SA** outline that discounts are based on total daily market volumes, which does not make them predictable. It would be preferable to have a volume discount scheme calculated on the basis of each user's volume and illustrated with examples. Furthermore, **LCH.Clearnet SA** applies a rebate mechanism on the variable part of the Fail Management Fees, a portion of which is reimbursed to LCH.Clearnet SA members according to the ratio of the cash clearing fees paid by the member and the total clearing fees paid by all members. As LCH.Clearnet SA does not disclose the total amount of clearing fees paid by members, users cannot effectively reconcile the amount of rebate they receive.
25. For some MIs this section of the Code is not entirely applicable. **Univyc** in the Czech Republic, for example, has not historically offered discounts or rebates to its customers.

Price Comparability

15. The Organisations are committed to work on further comparability of prices within each layer of the value chain.

16. By 1st January 2007, the price transparency measures described above will allow users to compare prices on an individual basis.

17. The European Commission has announced that it will conduct a study of post-trade prices. The Organisations appreciate objective and transparent means of price comparisons, and are therefore committed to contribute to the success of this study. The Organisations should actively cooperate with, and support, the external study on prices launched by the Commission.

26. This area of the Code is one of the most important in which users wish to witness tangible improvements. Here again the picture is mixed with some notable examples of best practice balanced by less positive feedback.

27. The **OMX Group** covering the majority of the exchanges in the Nordic market is a clear leader when it comes to comparability of prices. Members have reported that across the Group the fee schedule is structured in a way that is easy to understand and provides a fully comprehensive foundation to other European exchange infrastructures. Users of **Iberclear** have also reported a good level of transparency with a clear segregation of services as have users of **Verdipapirsentralen (VPS)**, the Norwegian CSD, and users of the **Danish CSD, VP**, who state that price lists are easily comparable to invoice due to similar structuring and numbering.

28. This rather positive picture for two major markets, the Nordic (exchanges) and the Spanish, is tempered however by feedback from the users of MIs in Italy. In relation to transactions cleared and settled through **Monte Titoli** users have reported that settlement functions and prices or costs are not readily measurable and comparable due to the fact that they are linked to the whole range of services related to the custody functions, notwithstanding the efforts made to simplify and clarify pricing and invoicing policies. Although arguably the same situation is currently the case in Switzerland, users take note of the project to harmonise and simplify fees and tariff structures between **SWX** and **virt-x**. Users look forward to seeing the simplified structure and new tariffs introduced in 2008. Users note similar projects underway in other smaller markets, such as in Slovenia where **LJSE** and the **Slovene CSD** have committed to work further on the comparability of prices.

29. The French and Dutch markets also report problems with **Euroclear Belgium, Euroclear France and Euroclear Netherlands** respectively, as there appears to be a general difficulty to make a comparison given the different methodologies used, such as criteria used for scales or the number of (sub-) accounts needed per company. In the case of Euroclear France the comparability of prices is also hindered by the absence of historical prices, which were removed from the website after the Code was implemented.

30. Users of the **Latvian and Lithuanian CSDs** (LCD and CSDL respectively) also highlight the difficulties they have faced to compare fee schedules with other CSD structures, due mostly to the fact that such schedules do not appear to be standardised to any significant extent. For users from outside the home jurisdictions, transaction charges appear to be the most problematic area when it comes to computing and arriving at an actual cost of settlement.

Price change notification

31. Related to the issue of comparability of prices is how MIs inform their users of price changes. **Iberclear** provides other MIs with a good practice to follow from the users' perspective which could be read across to other user-governed infrastructures. Due to the composition of the Iberclear Board, the user community is involved in changes of tariffs or penalties. Users of Iberclear feel that the process is transparent and user involvement is good although there is no formal discussion with all participants in every case. Users of Portugal's **Interbolsa** report a similarly positive picture when it comes to changes to tariffs which are discussed with its members prior to being implemented.
32. Likewise, **OMX Vilnius** advises its users at least 90 days in advance of any changes. Users report that the process has worked well for the one price change on that market since the Code has been implemented and all signs point to this good practice continuing.
33. Users of the **Danish CSD, VP**, report that in the past there has been a dialogue between users and VP regarding the time lag between when changes are announced and when they will take effect. On occasions these users have reported that the gap has been so short to be immaterial but recently price lists have been notified well before they take effect. The signs are encouraging that due regard is being paid to the needs of users in this respect.
34. The **Euroclear Group** appears to adopt a differentiated policy in respect of price change notifications. Users in the UK and Ireland report that the level of consultation from **CREST** has improved greatly in recent times on an individual user basis. Furthermore, the current discussions around moves towards harmonisation across Euroclear-owned CSDs has been well done and involved considerable consultation bilaterally between CREST and industry associations, and also some individual firms. LCH Clearent Ltd is also currently extensively consulting members on future comprehensive changes to its price tariff structures for Equity Clear, which will take effect on 1 July 2007.
35. The same positive picture does not apply in other "Euroclear markets". Users of **Euroclear France** report that improvements are required in this area. Prices have not decreased in recent years and the level of consultation to prepare for the harmonisation across Euroclear-owned CSDs has remained bilateral, hence limiting the possibility for the views' of the community of users to be taken into

account. Overall, price schedules are notified as opposed to discussed and then made public.

36. Another common issue relates to the lack of notice given to users prior to enforcing price changes and making the new price schedules public. This was noted, among others, of **LCH.Clearnet SA, the Greek and Cypriot CSDs, Bank of Greece and Euroclear France**.
37. Finally, it should be noted that socio-political considerations can also come into play in respect of consultation practices in general across different Member States. For example, in Poland the **KDPW** is ultimately a State owned company and although there is a process of formal user consultations on fee re-structuring via the KDPW Advisory Committee, the decisions-making KDPW Supervisory Board is not bound by any recommendations of users. Explanations describing the general nature of the changes are usually attached to the notices sent to users announcing the price changes. The explanations do not include rationale or justification for change, nor estimated financial impact on different user segments. There is no disclosure on the financial impact on KDPW itself after the changes take effect. The minimum period when the new fee can be introduced is 14 days after the fees have been approved by the Polish Financial Supervision Authority.

Billing reconcilability

18. Ex post: Information will be provided so that customers are able to reconcile their actual bills with their activity and the published price lists for the services provided. Together with the invoice, Organisations shall upon request provide information to their customers that allow the reconciliation of the invoiced amount with the published price lists and the services provided, including:

- A breakdown of the total amount invoiced for services provided, and
- The amount or volume of the respective underlying price basis (e.g., number of order entries, number of trades, trading volume, number of cleared trades, number of settlement instructions).

38. Linked to the comparability of prices is the important area of billing reconcilability. Users of **Interbolsa** report that the reconciliation of invoices is transparent and possible, whereas **Clearstream Banking** offers an example of some welcome improvements and some deficiencies at the same time; which is more typical of the pattern of implementation across Europe. For example, Clearstream's bills include further aggregation of invoice items and are available in electronic format but at the same time further improvements regarding transaction related "all in prices" would be desirable.
39. Similarly **OMX Helsinki** has recently published a document called "Example calculations for cash equity transactions" on their website presenting different

- pricing scenarios for different kinds of brokerage firms. Unfortunately the terminology presented in these examples and scenarios do not entirely correspond to the terms used in the price schedules. In relation to the introduction of the Code **APK** revised their price schedules and their terminology into English, but the invoices are mostly in Finnish and use old terminology. Clearly this renders it more difficult to reconcile and predict billing for those not familiar with the Finnish market.
40. Users of **OMX Stockholm** state that its own publication of “Example calculations for cash equity transactions” is useful, despite requiring some work to apply the examples to users’ specific situations. Users of the **Icelandic Securities Depository** also report that its fee schedule has appeared on its website for some time and that reconcilability is relatively straightforward.
 41. However, users of the CREST and Euroclear France are less positive when it comes to their CSDs’ implementation of the Code in this area.
 42. For example, **CREST** users report that its invoices are not easy at all to reconcile for two main reasons:
 - for users that operate many accounts, CREST does not provide sufficient data for fees to be reconciled back to individual accounts because there are key elements of fees calculated and only made available at the group level. This includes the discounts applied, the use of the system at peak rate which attracts a 100% premium charge, and enquiries as to trade status; and
 - the tariff includes so many different components other than the headline numbers that it is not always easy to reconcile back to the data a user captures in its system. Currently, there is only a total headline summary of two pages, and individual items listed over several hundred pages for a large user.
 43. Similar feedback has been received from users of **Euroclear France** where on some occasions the criterion used for fee differentiation makes the fee quite difficult to reconcile. For instance, there are different safekeeping fees for foreign securities whether they have or not a Euroclear entity as central depository ("in group" and "out group" securities). As we do not have a clear (and continuously updated) list of those securities, it makes it virtually impossible to reconcile this part of the invoice. In addition, requests for detailed information are charged by the CSDs.
 44. This situation is replicated in some smaller markets also. For example, the fee schedule of the **Estonian CSD, AS Eesti Väätpaberikeskus**, runs to 22 pages with 109 different fee elements making reconciliation and comparability to be difficult in the extreme.

III. Conclusions

45. By taking examples from across Europe, and from markets large and small, it is possible to identify examples of good and best practice which is offset by less positive experiences. **The overall impression as regards how far MIs have succeeded in implementing the Code in letter and in spirit is mixed** and general trends cannot easily be drawn by geography, function or even by socio-political backdrop.
46. Clearly, **users' views are positive where MIs have implemented the Code and then considered how to make already positive developments useable and useful for their users.** Regrettably, there are also a number of MIs that appear to have taken elements of the Code and used them to obstruct engagement with the users' community in any meaningful way.
47. Based on the input received it is possible to highlight a **number of specific observations on practices that are evident in some markets and could be read across to all markets.** Therefore, users would urge the Commission and every signatory to the Code, preferably in dialogue with the users themselves, to consider:

Provision of information, services and billing

- grouping service categories into core sections and differentiating user segments (in particular issuers and intermediaries);
- presenting non-STP charges clearly and with the relevant service section;
- providing a full explanation of eligibility for discounts and rebates;
- providing a full explanation/ definition of abbreviations and services;
- providing amendments to the price list in a tracked changes format;
- providing an English language version of all information;
- providing downloadable versions of fee schedules, tariffs and invoices in a consistent IT format, e.g. Excel (XML or CSV) for fees and pdf or Word for text versions.

Comparability, price changes and reconcilability

- maintaining historical prices for benchmarking purposes and announcing price changes with sufficient notice (e.g. at least four weeks before they take effect);
- following same sequence on fee schedule and invoice to allow cross-checking;
- applying consistent terminology for same services and avoid use of multiple terms for same service;
- providing average unit costs on invoice taking into account volume discounts and rebates (and not charging for detailed requests);
- providing clear examples for different user segments to facilitate tariff understanding;

- providing a simulation tool should to compensate for the detailed itemisation of the tariff; and
 - setting up of a formal, periodic and documented procedure for the review and approval of tariff amendments by users for user governed infrastructures.
48. Consideration of these points over a fair and realistic timeframe for implementation would, we feel, send a strong signal from the MIs to the community of users in respect of their willingness to make already positive developments useable and useful for their users. **We look forward to working with the MIs to bring about the completion of the implementation of the price transparency provisions of the Code of Conduct “in letter and spirit” as we feel it was intended.**

Annex I: ECSA User Task Force analysis

In coming to these conclusions the Users TF has focused on the data from the following market infrastructures across the majority of European jurisdictions:

Jurisdiction⁴	Exchange	CCP	CSD
AT	√	√	√
BE	√	√	√
BG	n/a	n/a	n/a
CH	√	√	√
CY			√
CZ	√	√	√
DE	√	√	√
DK			√
EE	√	√	√
EL			√
ES			√
FI	√	√	√
FR			√
HU	√	√	√
IE		√	√
IS	√	√	√
IT	√	√	√
LI	n/a	n/a	n/a
LT	√	√	√
LU	√	√	√
LV	√	√	√
MT			
NL		√	√
NO	√	√	√
PL			√
PT		√	√
RO	n/a	n/a	n/a
SE	√	√	√
SI	√	√	√
SK	√	√	√
UK		√	√

N.B. The Users TF focuses on the implementation of the Code by market infrastructure type in the following way:

- First tier priority – implementation of the Code by CSDs and ICSDs.
- Second tier priority – implementation of the Code by CCPs.
- Third tier priority – implementation of the Code by securities exchanges.

⁴ ECSA User Task Force covers all EEA jurisdictions plus Switzerland.

Annex II – Extract from European Code of Conduct for Clearing and Settlement

Price Transparency

Objectives

7. The Organisations believe that price transparency is an essential requirement for the integration of European capital markets and welcome measures in this direction. In order to further support ongoing individual efforts to increase pricing transparency, the Organisations agree on the following objectives:

- to enable customers to understand the services they will be provided with, and to understand the prices they will have to pay for these services, including discount schemes.
- to facilitate the comparison of prices and services, and to enable customers to reconcile ex-post billing of their business flow against the published prices and the services provided.

Scope

8. The following principles shall apply to all Organisations and all prices that they charge, including inter alia:

- One-time and periodic fees (e.g. for membership, connectivity and set up),
- Prices of transaction-related services (e.g., for trading, clearing and settlement),
- Prices of custody services, and
- Prices of additional services to customers.

Proposed measures regarding publication - identification of the services provided and generally applicable prices

9. Every Organisation agrees to the publication of:

- All offered services and their respective prices including applicable terms and conditions,
- All Discount and Rebate Schemes and the applicable eligibility criteria, and
- Examples that explain prices, as well as Discount and Rebates Schemes for different types of customers or customer groups.

- All information will be made available at a prominent place on the Organisations' websites.

Prices and services

10. The published price lists shall contain all services and prices, a brief description of each service, and the relevant price basis. All Organisations agree to apply the published price list.

Discount and Rebate Schemes

11. For the purposes of this document, discounts mean price reductions applicable ex ante to published prices ("Discounts").

12. Rebates mean price reductions which apply ex post to the cumulative amount invoiced or paid in a certain time period ("Rebates"). As these could be subject to Board approval by the different Organisations ex post, it may not be possible to stipulate the exact amounts or percentages applicable in advance. However, the existence of such regimes should be published in advance and the relevant financials published once Board approval has been granted.

Criteria for access to Discounts and Rebates

13. Price reductions applicable to any customer fulfilling specifically defined criteria ("Discount and Rebate Schemes") shall be published together with the respective price lists and applicable eligibility criteria. The Organisations will upon request provide information about how such Discount and Rebate Schemes apply to customers.

Price Examples

14. Organisations shall publish price examples that facilitate the comparison of offers and allow customers to anticipate the price they will have to pay for the use of services. These examples shall comprise the total charges a customer will have to pay to the Organisation in order to obtain a service (e.g., including the variable charges for conducting a typical transaction on the respective systems, including charges for services and activities necessarily related to this transaction, as well as total charges for becoming and remaining a customer).

Price Comparability

15. The Organizations are committed to work on further comparability of prices within each layer of the value chain.

16. By 1st January 2007, the price transparency measures described above will allow users to compare prices on an individual basis.

17. The European Commission has announced that it will conduct a study of post-trade prices. The Organisations appreciate objective and transparent means of price comparisons, and are therefore committed to contribute to the success of this study. The Organisations should actively cooperate with, and support, the external study on prices launched by the Commission.

Billing reconcilability

18. Ex post: Information will be provided so that customers are able to reconcile their actual bills with their activity and the published price lists for the services provided. Together with the invoice, Organisations shall upon request provide information to their customers that allow the reconciliation of the invoiced amount with the published price lists and the services provided, including:

- A breakdown of the total amount invoiced for services provided, and
- The amount or volume of the respective underlying price basis (e.g., number of order entries, number of trades, trading volume, number of cleared trades, number of settlement instructions).

Annex III – The European Credit Sector Associations

The European Credit Sector Associations (ECSAs) comprise three pan-European representative trade associations:

- The **European Banking Federation (EBF)** is the voice of the European banking sector representing the vast majority of investment business carried out in Europe. It represents the interests of over 5,000 European banks, large and small, from 29 national banking associations, with assets of more than €20,000 billion and over 2.3 million employees. For more information, please visit www.ebf-fbe.eu.
- The **European Savings Banks Group (ESBG)** has 26 members from across Europe, comprising approximately 870 individual savings and retail banks, operating 84,000 branches and employing 970,000 people. It comprises about one third of the retail banking market in Europe with total assets of ESBG members amounting to € 5,215 billion at the start of 2006. For more information, please visit www.savings-banks.com.
- The **European Association of Co-operative Banks (EACB)** comprises members of co-operative banking groups from 23 European states including Central and Eastern European countries. With 60 million members, the EACB serves 140 million customers in more than 60,000 outlets. Supported by 720,000 employees, EACB Members hold a market share of 20% in the EU. For more information, please visit www.eurocoopbanks.coop