



**ECSDA**  
European Central Securities  
Depositories Association

# FESE, EACH & ECSDA – Implementation Progress towards the Code of Conduct

Joint status update for the meeting with the  
Monitoring Group in Brussels on 20 April 2007

## Agenda

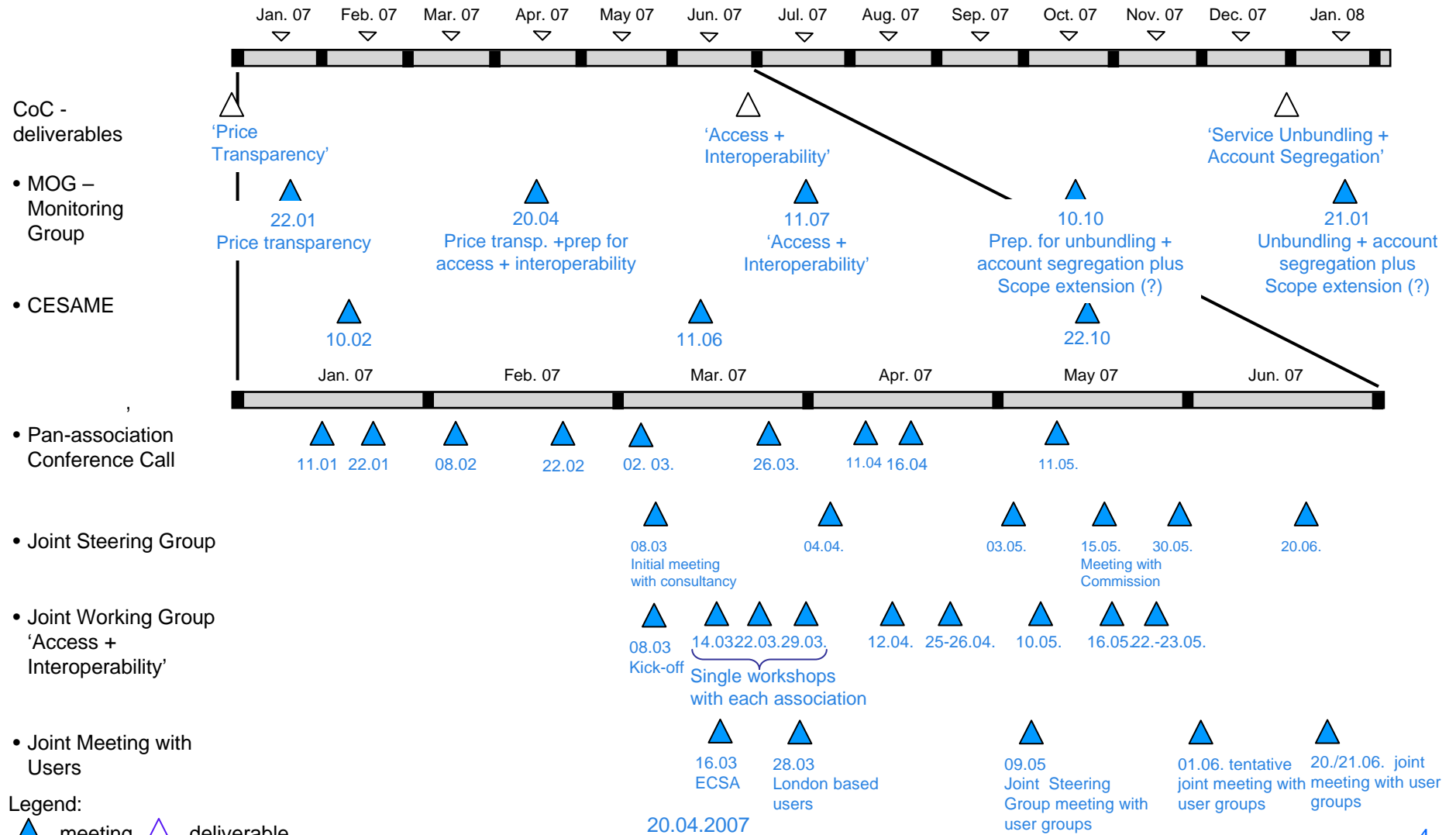
- Introduction
- Price Transparency (Articles 7 - 18)
- Communication with Users
- General overview of joint work progress on Access and Interoperability (Articles 19 - 37)
- Tasks out of the last MOG on 22 January 2007

# Overview - Signatories to the CoC

<b>Stock Exchanges</b> (coordinated by FESE)	<b>Clearing Organizations</b> (coordinated by EACH)	<b>(I)CSDs</b> (coordinated by ECSDA)	
<ul style="list-style-type: none"> <li>■ Athens Ex.(Greece)</li> <li>■ BME (Spain)</li> <li>■ Borsa Italiana</li> <li>■ Bratislava Stock Ex.(Slovakia)</li> <li>■ Budapest SE (Hungary)</li> <li>■ Cyprus SE</li> <li>■ Deutsche Börse (Germany)</li> <li>■ Euronext (BE, FR, NL, PT)</li> <li>■ Irish SE</li> <li>■ LSE (UK)</li> <li>■ Ljubljana Stock Ex. (Slovenia)</li> <li>■ Malta Stock Ex.</li> <li>■ OMX Exchanges (DK, SE, FI, IS, EE, LT, LV)</li> <li>■ Oslo Bors</li> <li>■ SWX Swiss Ex.</li> <li>■ virt-x (UK, Switzerland)</li> <li>■ Warsaw Stock Ex.</li> <li>■ Wiener Börse (Austria)</li> </ul>	<ul style="list-style-type: none"> <li>■ CCP Austria</li> <li>■ CC&amp;G (Italy)</li> <li>■ Eurex Clearing AG (Germany)</li> <li>■ KDPW (Poland)</li> <li>■ KELER (Hungary)</li> <li>■ LCH.Clearnet (BE, FR, NL, PT, UK)</li> <li>■ OMX (Denmark, Sweden, Finland)</li> <li>■ Serbia CSD</li> <li>■ SIS x-clear (Switzerland)</li> <li>■ VPS Clearing (Norway)</li> </ul>	<p><b><u>Signatories of the Code:</u></b></p> <ul style="list-style-type: none"> <li>■ APK (Finland)</li> <li>■ Clearstream Banking (Germany, Luxembourg)</li> <li>■ CSCC (Slovenia)</li> <li>■ CSD AD (Bulgaria)*</li> <li>■ CSD of Lithuania</li> <li>■ CSD of Serbia</li> <li>■ CSD of the Slovak Republic</li> <li>■ Cyprus Stock Exchange*</li> <li>■ Estonian CSD</li> <li>■ Euroclear Bank (and also CrestCo, Euroclear Belgium, Euroclear France, and Euroclear Netherlands)</li> <li>■ Helix (Greece)</li> <li>■ Iberclear (Spain)*</li> <li>■ Interbolsa (Portugal)</li> <li>■ KDPW (Poland)</li> </ul>	<ul style="list-style-type: none"> <li>■ Keler (Hungary)</li> <li>■ Latvian CSD</li> <li>■ Monte Titoli (Italy)</li> <li>■ NCSG Group (Sweden)</li> <li>■ OeKB (Austria)</li> <li>■ SIS Group (Switzerland)</li> <li>■ UNIVYC (Czech Rep.)</li> <li>■ VP (Denmark)</li> <li>■ VPS (Norway)</li> </ul> <p><b><u>Letter of Intent:</u></b></p> <ul style="list-style-type: none"> <li>■ CSD of Bosnia and Herzegovina</li> <li>■ CSD of Croatia</li> <li>■ CSD of Montenegro</li> <li>■ Icelands Sec. Depository</li> <li>■ SCP (Czech Rep.)</li> </ul>



# High-level timeline of the Code



Legend: meeting deliverable

## Agenda

- Introduction

- Price Transparency (Articles 7 - 18)

- Communication with Users

- General overview of joint work progress on Access and Interoperability (Articles 19 - 37)

- Tasks out of the last MOG on 22 January 2007

# Compiled overview – code compliance\*\*\*

## EU-Members

Institutions	Art. 8	Art. 9	Art. 10	Art. 11	Art. 12	Art. 13	Art. 14	Art. 15*	Art. 16	Art. 17**	Art. 18	Compliant Countries
Exchange	X	X	X	X	X	X	X	X	X	X	X	17 Exchanges / 23 countries: AT, BE, CY, DE, EE, ES, FI, FR, GR, HU, IE, IT, LU, LT, LV, MT, NL, PL, PT, SK, SL, SE, UK
CCP	X	X	X	X	X	X	X	X	X	X	X	10 CCP: AT, BE, DE, FR, HU, IE, IT, NL, PL, PT, UK
CSD/ICSD	X	X	X	X	X	X	X	X	X	X	X	25 CSD/ICSD: AT, BE, BE (ICSD), BG, CZ, DE, DK, EE, ES, FI, FR, GR, HU, IE, IT, LT, LU, LV, NL, PL, PT, SK, SI, SE, UK

\* Work in Progress regarding Art. 15

\*\* Art. 17: Already compliant in so far: full support of Oxera. Further compliance after change of scope of Oxera study to be decided by COM

General remark: in some cases services and rebates are not applicable

\*\*\* Art 7. is the objective of the price transparency named in the CoC

# Compiled overview – code compliance\*\*\*

## Non-EU-Members

Institutions	Art. 8	Art. 9	Art. 10	Art. 11	Art. 12	Art. 13	Art. 14	Art. 15*	Art. 16	Art. 17**	Art. 18	Compliant Countries
Exchange	X	X	X	X	X	X	X	X	X	X	X	3 Exchanges: CH, IS, NO
CCP	X	X	X	X	X	X	X	X	X	X	X	2 CCP: CH, RS
CSD/ICSD	X	X	X	X	X	X	X	X	X	X	X	7 CSD: BA, CH, IS, HR, ME, NO, RS,

\* Work in Progress regarding Art. 15

\*\* Art. 17: Already compliant in so far: full support of Oxera. Further compliance after change of scope of Oxera study to be decided by COM

General remark: in some cases services and rebates are not applicable

\*\*\* Art 7. is the objective of the price transparency named in the CoC

## Accomplishments since last MOG-meeting

### Art. 8-14 + 16

General acknowledgment that implementation has been completed across all 3 layers

→ Items are closed; CoC provisions are fulfilled

### Art. 17 (Oxera Study)

Clarification required from EU-Commission re. applicability towards CoC as Oxera clearly stated several times that its work is not related to the Code.

→ Proposal: Item is closed as all 3 Associations and its members support Oxera and its work.

### Art. 15 (commitment to work on further comparability of prices within each layer at the value chain)

General acknowledgment that implementation is completed by Exchanges and CCPs.

Please see the following slide re. CSD-status

→ Item is closed; CoC provision is fulfilled

### Art. 18 (Reconcilability)

General acknowledgment that implementation has been completed across all 3 layers

→ Item is closed; CoC provision is fulfilled

# Evolution from Price Transparency towards Comparability by ECSDA\*

## CoC – in scope

### Price Transparency (Art. 7-14; 16; 18)

- Publication / accessibility of information
- Publication of price examples specific to each organisation

### Clarity of definitions (Art. 15)

- Conversion tables facilitating the identification of specific fees across multiple organisations ‘navigators’ (by 31 May 07)

### Unbundling of Services (Art. 38-41)

- Implementation of Unbundling of Services (by 31 Dec. 07)

## Out of scope - CoC

### Additional requests\*

- English language
- Downloadable version
- Webbased ‘calculators’
- Identical sequence of fee schedules
- Consistent terminology
- Announcing price changes with sufficient notice (e.g. 4 weeks)
- Samples per users segment

### Price Comparability

- Users should be able to anticipate the prices for the case of services across multiple organisations.

→ ECSDA is prepared to discuss the “additional requests” with the Users.  
However this is not a dependency on the CoC-implementation

# Compliance with the Code

## ECSDA Conversion Tables

- In particular ECSDA has been asked by Users and the European Commission to help understanding the different services and prices of its member CSDs and ICSDs in a comprehensive way in order to facilitate price comparability going forward.
- Therefore, the special ECSDA Taskforce “Price Comparability” has elaborated Conversion Tables, which encompass the prices and services of its member CSDs and ICSDs in a comparative manner.
- The Conversion Tables show the following details in a concise structure:
  - ✓ Service description according to the services listed in the Code
  - ✓ Overview which tariff sections in the members’ price schedules refer to which service
  - ✓ Clear reference to members’ fee schedule/ tariff brochure
  - ✓ Overview of fees charged to customer (issuer/ agent, intermediary, end investor, other)
- The Conversion Tables have been sent to the User representatives for further discussion with ECSDA
- The Conversion Tables are ECSDA’s contribution, with which the expectations of Users and the EU Commission regarding price comparability (Art. 15) are addressed.



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## Political message regarding level of compliance

**McCreevy statement from speech to ECON on 27. March 2007:**

**“The compliance with this first set of measures was examined on the 22nd of January at the first meeting of the Monitoring Group, the body we have set up to be responsible for monitoring the implementation of the Code. I am pleased to tell you that the picture emerging from this first meeting is encouraging. Things seem to be going in the right direction. It is my understanding that the users, to a large extent, share this view. The infrastructures have published an unprecedented amount of information on their websites. This is notable. We should not forget the very short amount of time they have had at their disposal”.**

**“The efforts made so far by the infrastructures should significantly improve price transparency but, more needs to be done. Further work on issues such as price comparability is needed. I therefore encourage the infrastructures to work in close collaboration with the users in order to bring about the needed improvements. I was pleased to learn that work in this direction has already started”.**

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# Summary of meetings with Users



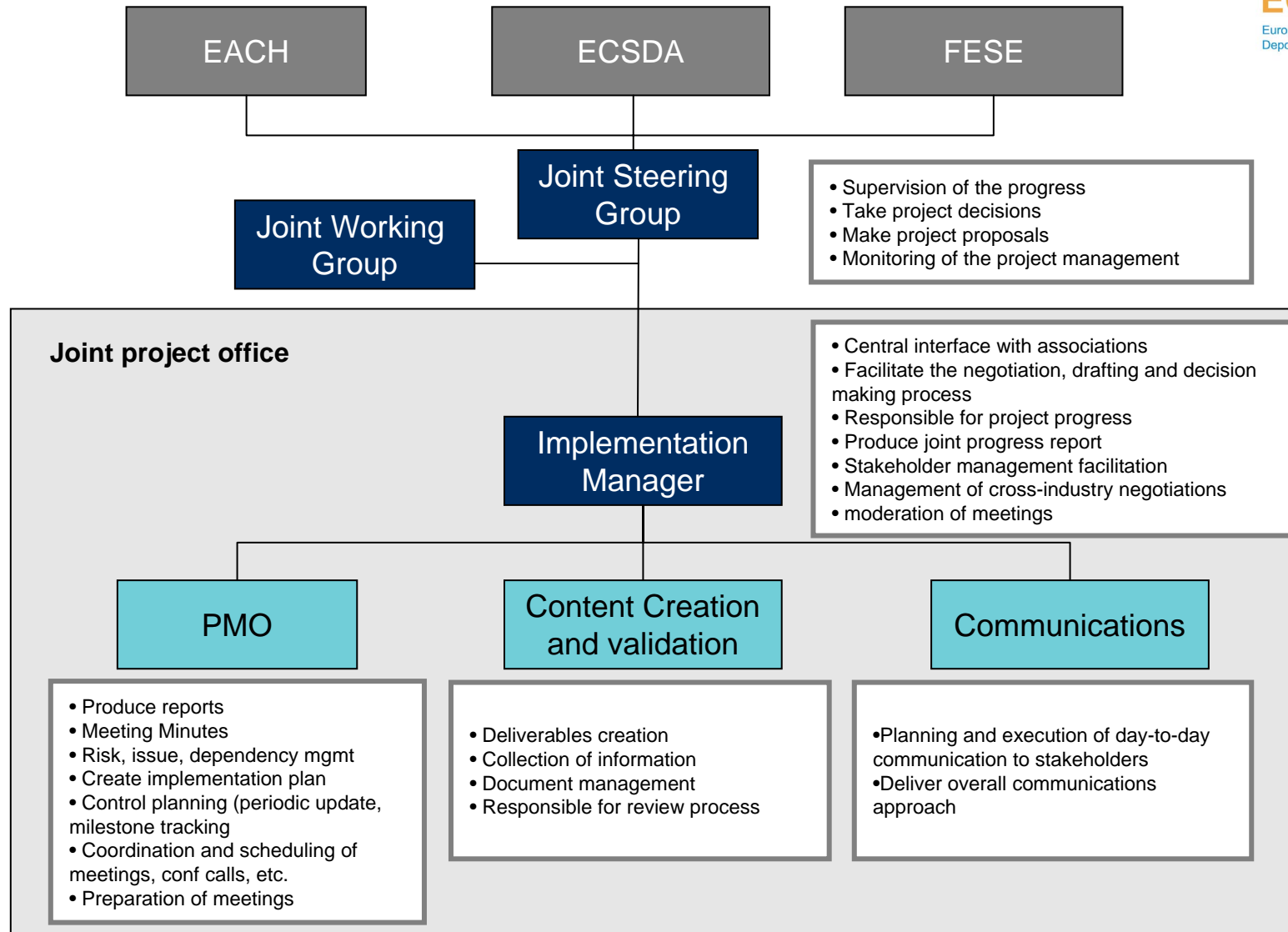
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- The 3 associations met with two user groups to inform about implementation progress:
  - ✓ **ECSA**: 16<sup>th</sup> March '07
  - ✓ **European Forum of Securities Associations**: 28<sup>th</sup> March '07 (ESF, LIBA, AFEI, Assosim et al.)
- Different expectation of what should be delivered between Users and 3 associations (levels of interpretation on CoC)
- Users have expressed different focus areas:
  - ✓ **ECSA** = Price Transparency by CSDs (questionnaire to Users distributed to get structured feedback on compliance of price transparency and identify open issues. Art. 15 identified as “work in progress”)
  - ✓ **European Forum of Securities Associations** = Access + Interoperability (User expressed strong demand to be deeper involved in Access and Interoperability)
- Joint meetings with only one general User group to address any topic and to avoid being faced with conflicting views on the implementation.  
Future meetings will be joint meetings on invitation by the 3 associations – Proposal of joint meeting on 09 May re. ‘Access + Interoperability’
- Joint meetings with both user groups on the implementation of price transparency on 20 or 21 June.

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# Joint Association Work Project structure



## Joint Association Work

Composition of a Joint Steering Group to monitor the ‘Access + Interoperability’ deliverable:

The group is composed of the major organisations, which represent each layer separately\*

1. BME Group: BME Exchange, Iberclear
2. Borsa Italiana Group: Borsa Italia, CC&G, Monte Titoli
3. Deutsche Börse Group: Deutsche Börse, Eurex Clearing, Clearstream
4. OMX Group: OMX (exchange), OMX (clearing)
5. Euroclear
6. Euronext
7. LSE
8. LCH.Clearnet
9. NCSD
10. SIS x-Clear
FESE, EACH, ECSDA (Secretariat/ Chair)

\* Legend:

- Stock Exchange
- CCP
- CSD

## Joint Association Work

### Set up of Joint Project Management

- The three Associations agreed on the set up of a Joint Project Management in order to jointly work on the implementation of the Code and agree on joint Access & Interoperability Conditions. In order to support this aim and help with the necessary coordination and project management, a consultancy firm has jointly been hired.
- In a joint selection process Projective was chosen as consultancy firm.
- The work with Projective started on 8<sup>th</sup> March 2007. The first step was to undertake a gap analysis between the Associations' position on "Access & Interoperability", with the objective to develop a joint position.
- The governance structure was set-up and a first joint position paper draft was provided on 20<sup>th</sup> March 2007.
- After meeting with FESE, EACH and ECSDA the overall project plan for the deliverables on "Access and Interoperability" has been set up by Projective, with multiple pan-Association workshops and Associations' internal & external communication events.

## Joint Association Work Project Status / Next steps

- The structure and level of detail of the Access & Interoperability Principles and Conditions Guideline have been agreed. First joint workshop on the General principles and Definitions of the joint text has been held.
- Key topics for the coming workshops are
  - Access and Interoperability scenarios
  - Business Case conditions and criteria
  - The Geographical scope of the Guideline
  - The Mediation process and implementation
  - Legal, Fiscal and Regulatory arrangements and constraints
  - The timelines on the Access & Interoperability Principles and Conditions
- To address the Users' expectations and concerns on the work in progress a Users meeting is scheduled for 9<sup>th</sup> May 2007 to communicate on the approach and progress of this joint Associations work. Feedback and conclusions from this meeting will be presented to the EU-Commission thereafter in a meeting to be scheduled.
- The review by all Associations' members of the Access & Interoperability Principles and Conditions Guideline is planned for early June to allow incorporation of the feedback and start planning of implementation.

## Joint Association Work

### Joint Steering Group and Deliverables

- The Access and Interoperability Principles and Conditions Guideline will be delivered on 30<sup>th</sup> June 2007 in line with the EU-Commissions requirements and with the Code of Conduct.
- The Guideline will describe common definitions, principles, conditions and scenarios for the set-up of new relationships between market infrastructure providers in the Clearing and Settlement market.
- The Guideline will also contain the roadmap for implementation and compliance to the Guideline principles and potential external constraints (e.g. legal, fiscal, regulatory). The actual implementation and compliance by the market infrastructure providers will start thereafter and will be provider specific. The roadmap will bring visibility and control on this.
- In the course of the project the Associations' Joint Steering Group will assure joint and aligned communication with the different stakeholders (EU Commission and Users) for the Guideline.



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# Joint Association Work

## Joint Steering Group participants:

FESE	EACH	ECSDA
<ul style="list-style-type: none"> <li>■ Pablo Landherr, OMX</li> <li>■ Marcus Zickwolff, Deutsche Boerse</li> <li>■ Fabrizio Plateroti, Borsa Italiana</li> <li>■ Damien Roegiers, Euronext</li> <li>■ Adam Kinsley, LSE</li> <li>■ Ramón Adarraga, BME Spanish Exchanges (Deputy: Carlos L. Marqués, BME Spanish Exchanges)</li> </ul>	<ul style="list-style-type: none"> <li>■ Rory Cunningham, LCH.Clearnet</li> <li>■ Orlando Chiesa, Eurex Clearing (Deputy: Marcus Zickwolff, Deutsche Boerse)</li> <li>■ Danilo Battistelli, CC&amp;G (Deputy: Marco Polito, CC&amp;G)</li> <li>■ Marco Strimer, SIS x-Clear (Deputy: Urs Wieland, SIS x-Clear)</li> <li>■ Ann Flodstrom, OMX and EACH Chair</li> </ul>	<ul style="list-style-type: none"> <li>■ Joel Merere, ECSDA Chairman</li> <li>■ Paul Symons, Euroclear</li> <li>■ Paolo Cittadini, Monte Titoli</li> <li>■ Jesus Benito, Iberclear</li> <li>■ Kjell Arvidsson, NCSD Group</li> <li>■ Mathias Papenfuß, Clearstream</li> </ul>

# Joint Association Work

## Joint Working Group participants:

FESE	EACH	ECSDA
<ul style="list-style-type: none"> <li>■ Nicos Porfiris, Athens Exchange</li> <li>■ Carlos L. Marqués, BME Spanish Exchanges</li> <li>■ Fabrizio Plateroti, Borsa Italiana</li> <li>■ Marcus Zickwolff, Deutsche Börse AG</li> <li>■ Damien Roegiers, Euronext</li> <li>■ John Tanner, London Stock Exchange</li> <li>■ Andreas Gustavsson, OMX Exchanges</li> <li>■ Bjørn Øiulfstad, Oslo Børs</li> <li>■ Ian Cornwell, Virt-X</li> <li>■ Robert Vella-Baldacchino, Malta Stock Exchange</li> </ul>	<ul style="list-style-type: none"> <li>■ Rory Cunningham, LCH.Clearnet</li> <li>■ Orlando Chiesa, Eurex Clearing (Deputy: Tobias Kirchner, Deutsche Boerse)</li> <li>■ Marco Polito, CC&amp;G (Deputy: Francesco Saverio Chimenti, CC&amp;G)</li> <li>■ Urs Wieland, SIS x-Clear (Deputy: Marco Strimer, SIS x-Clear)</li> <li>■ Ann Flodstrom, OMX and EACH Chair</li> </ul>	<ul style="list-style-type: none"> <li>■ Rob Fair , Euroclear</li> <li>■ Teresa Castilla, Iberclear</li> <li>■ Friedrich Franke, Clearstream Frankfurt</li> <li>■ Verena Glauz, Monte Titoli</li> <li>■ Godefroid Lamboray, Clearstream Luxembourg</li> <li>■ Michael Lukac, KDPW</li> <li>■ Arne Jansson, NCSD Group</li> <li>■ Martin Trüb, SIS</li> </ul>

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# Tasks out of the last MOG on 22 January 2007

The minutes of the last MOG on 22 January 2007 distributed by the European Commission on 19 February welcomed the overall significant steps that have been taken towards Price Transparency and acknowledged the level of commitment towards the Code.

The following tasks were described:

Tasks	Status
<p><b>Infrastructures</b> should further work on</p> <ul style="list-style-type: none"> <li>• comparability of prices within each layer</li> <li>• a set of standardized price examples</li> <li>• full publication of discounts and rebates and their systematic incorporation into price examples</li> </ul>	<b>Closed; please see slides 12-16</b>
<p><b>Infrastructures</b> should take stock of the level of preparation of the commitments of the Code on access and interoperability</p>	<p><b>Closed; please see slides 6-10</b> <b>Meeting with EU-Commission on 15 May '07 (tbc)</b></p>
<p>On billing reconcilability the work done by infrastructures was acknowledged and the <b>MOG</b> suggested to further follow up in order to ensure availability of sufficient information</p>	<b>Closed; please see slide 14</b>
<p>The <b>infrastructures and users</b> are asked to establish a well functioning contact and respective discussions between each other. Structured user input is important to facilitate this contact</p>	<p><b>Meeting with Users on 9 May '07</b> <b>Establishing one single User group would facilitate the communication</b></p>
<p>Clarity is needed whether bilaterally negotiated special deals are covered by the Code</p>	<b>Feedback from EU-Commission is pending</b>