

Code of Conduct

Price transparency

Brussels, 9 April 2008

ECSDA's conversion table - objectives:

- Translates the Code's requirements on price comparability into an easy and practical tool easing comparability between heterogeneous pieces of Information
- The table “maps” the entries of the CSDs' tariff brochures to a set of common service definitions, based on the Commission's definitions for post-trading
- It should allow users to trace more easily the relevant fee that each CSD charges for a particular service
- The purpose of the table was NOT to change/harmonise the CSDs' service offerings or tariff structures

ECSDA's conversion table – ECB/ECSDA observations:

- All (major) CSDs have implemented conversion table
- Discussions on conversion table have increased mutual understanding
- Implementation not always consistent with ECSDA guidelines and glossary
- Tables not always updated
- No single website covering all CSD conversion tables which makes comparability more complex
- For each category of the conversion table, some CSDs had to indicate a wide variety of services reflecting the granularity of their tariffs

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Organization	Account provision & Asset Servicing	Establishing securities in book-entry form	Clearing and Settlement	Securities Lending and Borrowing	Collateral Mngment	Credit Provision	Communic.	Other
Categories proposed in ECSDA conversion table	8	5	7	2	3	0	1	0
CSD1	7	2	6	0	0	1	2	3
CSD2	23	8	17	0	3	0	0	0
CSD3	10	12	6	1	1	0	1	2
CSD4	8	1	14	2	1	0	7	7

Example: account provision and asset servicing

- ECSDA proposed 8 categories of services relating to ‘account provision and asset servicing’ one of which is called ‘asset servicing of dematerialised securities’
- CSDs entered a total of 172 different services in this category...
- ... yet, this reflects the reality of the complexities of pan-european custody...
- ... and other categories (e.g. settlement) are easier to compare

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Asset servicing dematerialised securities



ECSDA

European Central Securities
Depositories Association

Organization	Description	Fee
CSD1	service not offered	service not offered
CSD2	Asset servicing dematerialised securities	administrative transactions. Per transaction: 2.- holding fee. Per holding: 0,75.- write-down of share capital: 7500,- per task Corporate actions: 10000,- per task Change of shareholder's register: 2000,- per ISIN; 0,10 per record Requisition of invitation: 1,20 per invitation; 80,- per requisition Requisition of subscription: 1,20 per subscription request Final total subscription: 1,20 per subscription request
CSD3	Safekeeping fee	TABLE OF FEES
	Financial corporate transactions	For the execution of transactions where CSD3 manages the cash settlement using central bank accounts: € 4,00 In the other cases: € 3,50
	Capital increase with or without trading of pre-emptive rights	With pre-emptive rights: € 3.000,00 Without pre-emptive rights: € 1.000,00
CSD4	Centralization fees – CSD4 as issuer CSD	TABLE OF FEES
	Centralization fees - for securities centralised via other CSDs	TABLE OF FEES
	Cash settlement for corporate actions	€ 0,50 per notification
	Management commissions	fee only applied to some corporate actions.

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Joint ECB-ECSDA conclusions:

1. Conversion Tables have had some positive effects:
 - higher transparency on services and fees
 - enhanced awareness of complexity and heterogeneity of CSDs' service offerings and tariff structures, reflecting differences in underlying local market characteristics and practices
 - better understanding of CSDs' fee structures.

Joint ECB-ECSDA conclusions (ctd.):

2. ECSDA is implementing further improvements:

- ECSDA guidelines for completion need to be expanded
- All CSDs should review the existing conversion table against the ECSDA guidelines and glossary to ensure more consistent implementation
- All CSDs should ensure that the tables are kept up to date (in line with update to tariff brochures)
- The ECSDA website will be upgraded to include the conversion tables of all CSDs and a link to all CSDs' webpages

Joint ECB-ECSDA conclusions (ctd.):

3. But, the conversion tables have limits:

(i) The complexity of CSD service offerings and tariff structures means that it is difficult to compare meaningfully what a particular service would cost

- ✓ Comparability cannot be substantially enhanced by further refining the conversion table; and
- ✓ Comparability is made complex by diversity of terminology and translation

Joint ECB-ECSDA conclusions (ctd.):

3. But the conversion tables have limits (cont'd):

(ii) **Lack of real substitutability of services**

- ✓ The Code's scope covers "Issuer CSDs" only. Therefore, excludes links, which are one of the most important areas of competition between CSDs, and between CSDs and banks

(iii) **Harmonisation of services and removal of Giovannini barriers can further improve comparability.**

- ✓ One of the main sources of the high level of heterogeneity relates primarily to complexities of "asset servicing" (Giovannini Barrier 3)

(iv) **Although CSDs' services, service levels, and therefore prices, will always differ.**