Clearing and settlement: Commissioner McCreevy welcomes industry's new Code of Conduct

The European Commission has welcomed the clearing and settlement industry's new Code of Conduct ("Code"), and considers it an important first step towards an integrated and efficient post-trading market in the EU. The measures detailed in the Code aim at enhancing transparency and increasing competition in the post-trading sector. The signatories of the Code will have to gradually implement these measures, all of which will need to be in place by 1 January 2008. A strict monitoring process will ensure that the measures are implemented properly and on time.

Internal Market and Services Commissioner McCreevy said: "This new Code of Conduct shows the clearing and settlement industry's firm commitment to transparency, interoperability and competition. It is an important first step. The industry now needs to ensure proper implementation of the Code and remove the remaining barriers in the market. And everyone involved – Commission, Member States, infrastructure providers and users – must work together to enable an efficient and safe post-trading market in the EU."

On 11 July 2006 Commissioner McCreevy announced that he favours an industry-led approach to a more efficient and integrated post-trading market in the EU, as opposed to proposing a Directive (see SPEECH/06/450), and called upon the industry to provide a suitable solution. In response to the Commissioner's call, the three main industry associations – the Federation of European Securities Exchanges (FESE), European Association of Central Counterparty Clearing Houses (EACH) and European Central Securities Depositories Association (ECSDA) – prepared a Code of Conduct that was signed today by all their members.

The measures detailed in the Code address three main issues:

(i) transparency of prices and services;
(ii) access and interoperability;
(iii) unbundling of services and accounting separation.

For each group of measures the Code sets a specific deadline for implementation: some of the measures will have to be implemented shortly after the signing of the Code, while for the more complex measures, more time will be granted. Thus price transparency will need to be implemented by the end of 2006, interoperability and access by the end of June 2007, and unbundling and accounting separation by 1 January 2008.

A strict monitoring mechanism will be set up to ensure that all the measures are implemented properly and on time. The mechanism will rely on external auditors who will report on the implementation of the signatories' commitments to an ad-hoc monitoring committee chaired by the Commission.
Initially, the Code will apply exclusively to cash equities. While the implementation of the Code is under way, the Commission expects the scope of the Code to be gradually extended to include other financial instruments, such as bonds and derivatives. The signatories may however – and the Commission encourages them to do so – apply all or some of the provisions of the Code to most or all financial instruments from early on, if they so wish.

A copy of the Code is available at: