



Joint FESE, EACH and ECSDA Press Release
Proposal for an EU code of conduct for the clearing and settlement of equities

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Headlines:

- European organisations agree on a Code of Conduct for Clearing and Settlement
 - EACH, ECSDA and FESE to present principles to Commissioner McCreevy on November 7
 - Phased implementation of the Code of Conduct beginning November 8
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The Organisations represented by the Federation of European Securities Exchanges (FESE), the European Association of Central Counterparty Clearing Houses (EACH) and the European Central Securities Depositories Association (ECSDA) have on 7th November agreed on a Code of Conduct for Clearing and Settlement.

The undersigning exchanges, clearing houses and central securities depositories share the objective of achieving greater efficiency and further integration of European capital markets. The objective of the Code of Conduct – in line with the objectives of the European Commission – is therefore to allow investors to trade European securities within a consistent, coherent and cost-efficient European framework.

The Code of Conduct will cover the following areas:

- Price transparency, to help customers to understand and compare prices and services.
- Standard unilateral access between Organisations and interoperability, to enhance the ability of Organisations to interconnect and ultimately increase freedom of choice for market participants.
- Service unbundling and accounting separation, to facilitate competition, increase customer choice and provide relevant information on the services provided.
- Monitoring of industry action.

This Code of Conduct will be presented to EU Commissioner Charlie McCreevy, on November 7.

Following the finalisation of the Code of Conduct, a phased implementation will then begin:

- By 31 December 2006, price transparency will be in place.
- By 30 June 2007 access and interoperability conditions will be established.
- As of 1 January 2008, service unbundling and accounting separation will be implemented.

Furthermore, the undersigning Organisations understand that the Commission is considering proposing the extension of the self-regulatory approach from cash equities to other asset classes and service providers once the Code has entered into force. This review will take place at the time of implementation of the Market in Financial Instruments Directive (MiFID), further enhancing the objectives pursued by the Commission in MiFID.

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Information for the editor:

1. The Federation of European Securities Exchanges (FESE) represents operators of the European regulated markets and other market segments, comprising the markets for securities, financial derivatives and energy and commodity derivatives. With 24 members, FESE represents close to 40 securities exchanges from all the countries of the EU, Iceland, Norway, and Switzerland. Through its members' activities on a global scale, FESE enjoys links with the regulatory community and industry from around the world.
2. European central counterparty clearing houses (henceforth CCPs) formed EACH in 1991. EACH's participants are senior executives specialising in clearing and risk management from European CCPs (including Switzerland, Norway and Serbia). Increasingly, clearing activities are not restricted exclusively to exchange-traded business. EACH has an interest in ensuring that the evolving discussions on clearing and settlement in Europe (including Switzerland, Norway and Serbia) are fully informed by the expertise and opinions of those responsible for providing central counterparty clearing services.
3. The European Central Securities Depositories Association (ECSDA) was established in November 1997 as the Association of European Central Securities Depositories (CSDs). In January 2006 ECSDA merged with the Central and Eastern European Central Securities Depositories Association. ECSDA has 40 members covering 36 European countries. The association's primary objective is to promote harmonisation of market practices in Europe to support the creation of a single European capital market.