



MEDIA RELEASE

The European Central Securities Depositories Association (ECSDA) is pleased to announce the first concrete steps in removing the barriers for efficient clearing and settlement arrangements in the EU that were identified by the Giovannini Group.

In April 2003, the Giovannini Group asked the European Central Securities Depositories Association (ECSDA) to take the lead in removing three of the fifteen market barriers they identified to low-cost, cross-border settlement. To this end, a dedicated ECSDA working group, chaired by Michael Kempe of CRESTCo, was set up to address the issues.

The ECSDA have agreed and published ten standards for implementation at various times between now and April 2005 to enable intraday finality (by removing Barrier 4) and to harmonise operating hours and settlement deadlines (by removing Barrier 7).

While there is a high degree of compliance by ECSDA members with some of the standards, others are met by only 50% of CSDs. This means that there will be considerable change over the next 12 months and this short time scale is an indication of the importance that all ECSDA members place on the standards.

The third, Barrier 3, concerning corporate action harmonisation, will be addressed later this year.

ECSDA Chairman, Giovanni Sabatini, said, "The agreement and public disclosure of the ten standards is an important milestone in the harmonisation of Europe's capital market. The ECSDA initiative is the first market response to the Giovannini report and demonstrates the commitment by our members to the creation of an efficient securities processing infrastructure in Europe.

Implementation of the standards (which has already begun) will create a foundation that will benefit Europe as a whole. ECSDA will continue to build on this foundation with other market sectors in relation to these standards, as well as taking the lead to address Barrier 3."

It is important to note that full compliance by all CSDs or other Security Settlement Systems with the standards will not, by itself, remove the two Giovannini-identified barriers. This is due to the fact that other market sectors will also have to adapt their practices. Where this is the case, the report identifies which sectors of the market will have to act and how.

To progress these issues, the ECSDA plans to work closely with Europe's central banks and the Central and Eastern European Central Securities Depositories Association (CEECSDA). As the European Union is set to expand on 1 May, it is important that agreement is reached both with the central banks and the CEECSDA before these standards can be considered as final. This is expected to be the case by the end of June 2004.

To download ECSDA's complete report, please consult the new website of ECSDA: <http://www.ecsda.com>

Notes for editors

ECSDA was established in November 1997, on the initiative of 12 Central Securities Depositories (CSDs). ECSDA has now 19 member (I)CSDs, situated in Europe (Austria, Belgium, Cyprus, Denmark, Finland, France, Germany, Greece, Iceland, Ireland, Italy, Luxembourg, Netherlands, Norway, Portugal, Spain, Sweden, Switzerland and the United Kingdom). ECSDA has recently decided to enhance the role of the association: ECSDA now offers solutions and provides advice at international level on economical, financial, legal and regulatory matters to reduce risk and increase efficiency in custody, pre-settlement and settlement arrangements for securities and related payments across Europe. ECSDA particularly promotes a process

flow ensuring highest efficiency with low risk profile, a level playing field for providers, common standards to remove existing cross border barriers, the exchange of information on legal, tax, regulatory frameworks and market practices to foster harmonization and international cooperation.

For further information, please contact: iberclear@iberclear.es

Or see the new ECSDA website at: www.ecsda.com