



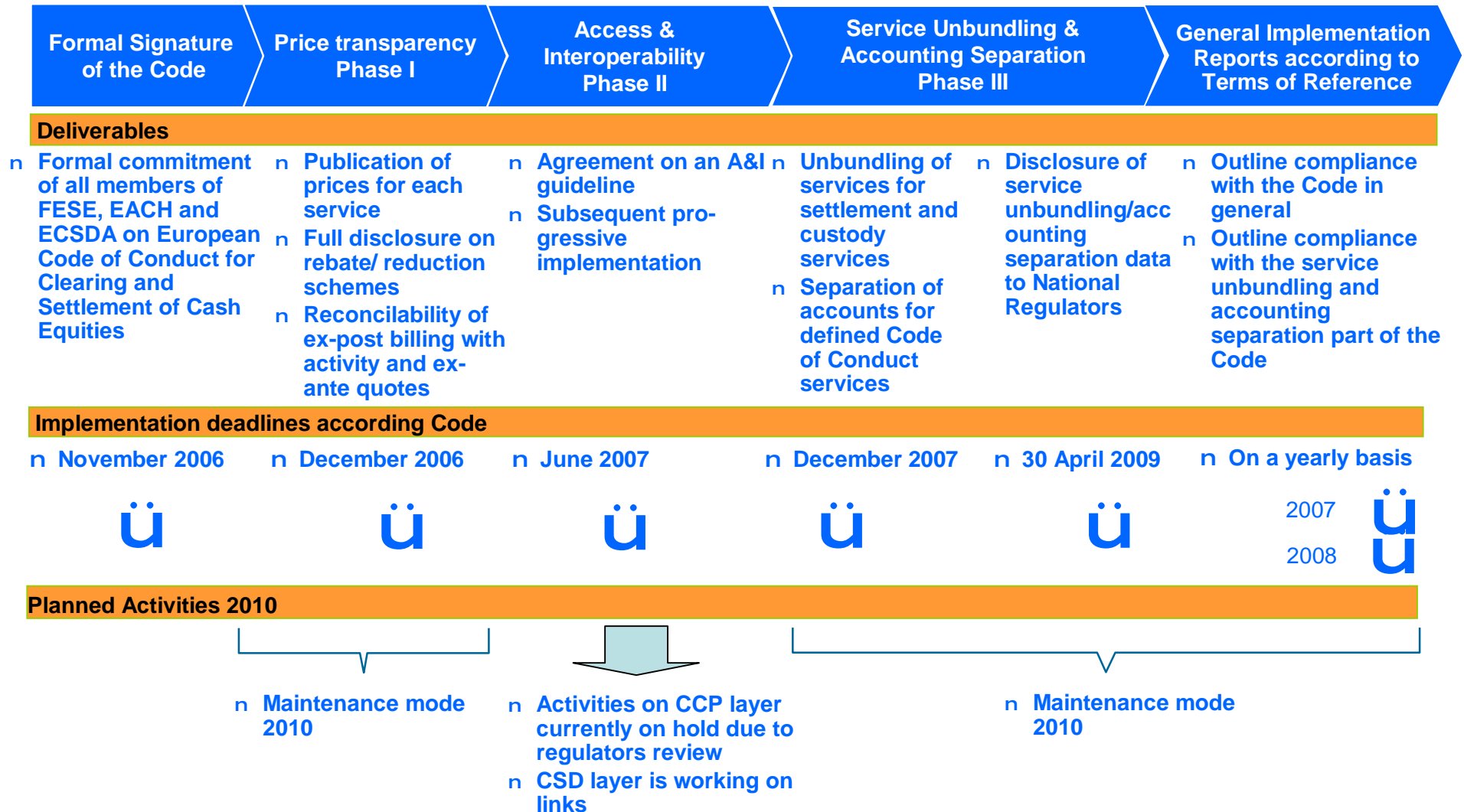
FESE, EACH & ECSDA – Joint Status Update of the Code of Conduct

Meeting with the Monitoring Group in Brussels on
15 March 2010

Time schedule – 2010

	2010					
	Jan	Feb	Mar	Apr	May	Jun
MOG Meeting			▲ 15.03.10			▲ 17.6.10
FESE Meeting (tbd)						
EACH Meeting		▲ 19.2.10			▲ 21.5.10	
ESCDA Board of Directors		▲ 5.2.10				
Pan Association Calls	▲ 11.1.10	▲ 18.2.10	▲ 26.2.10	▲ 8.3.10		
User Meeting			▲ 3.3.10			
Informal pre-Meeting with COM			▲ 2.3.10			

Stocktaking of the Code of Conduct



Agenda

■ Maintenance

§ Price Transparency (Articles 7 - 18)

§ Service Unbundling & Accounting Separation (Articles 38 - 44)

■ Monitoring / Progress Reporting

§ Access and Interoperability (Articles 19 - 37)

Price Transparency



Infrastructures are in maintenance mode and are committed to continue efforts of price transparency:

- **Ensure that price changes are publicly announced**
- **Update price examples, if necessary**
- **Ensure that price changes are up-dated in conversion tables on a continuous basis**

Annual Maintenance of Service Unbundling / Accounting Separation

	2010											
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
<u>Terms of Reference deliverables*</u>												
Self-assessment Report on SU/AS and financial data to be disclosed to National Regulators (within 120 days)				▲ 30.4.10								
Assurance Report prepared by external auditor on basis of Self-assessment report (SU & AS) and financial data, to be disclosed to National Regulator (within 120 days)				▲ 30.4.10								
General Implementation Reports 2009 to be delivered to the MOG (within 150 days)					▲ 31.5.10							
Organisation's public statement on compliance with SU/AS incl. Auditor's Report							▲					

* Identical with the financial statement year-end

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Summary “Communication of Regulatory Position on Interoperability for cash equity clearing by AFM, DNB, FINMA, FSA, SNB”*

- “... the **financial crisis of 2008/9**, particularly the **experience of multiple defaults of counterparties**, has **reemphasised the need for the authorities** and others to **focus on the level of systemic risk** present in the financial system. Accordingly, we have judged it appropriate to **reconsider our conceptual approach to interoperability**.
- One of the important risks of interoperability is the **additional counterparty risk** that will be introduced into the clearing system by the generation of inter-CCP credit exposures. We will require that these credit exposures are measured, monitored and mitigated by the holding of collateral by the interoperating CCPs. This **collateralisation must be in addition to the collateral and default protections each CCP already holds...**
- ...the **authorities will not be prescriptive on the methodology employed to achieve this**. Methods of provision of such collateral could include the **augmentation of CCPs’ default funds** or the **charging of supplementary margin sums from a CCP’s participants** which could then be used by the CCP to meet its own margin liabilities. Collateral to be held in a ‘pre-funded’ manner, whereby CCPs should hold actual assets as collateral as opposed to holding the right to access assets in the event of a counterparty default.
- In addition to counterparty risks, **interoperability enhances the existing operational, technical, and legal, settlement and liquidity risks the CCPs** are exposed to and can introduce new risks in these areas. The **authorities will require demonstration that such risks are adequately mitigated at all times**, including in the event of a failure of one or more of the CCPs participating in the interoperable arrangement.
- **CCPs’ arrangements** for managing the risks that arise from interoperability **should be ‘scalable’**, meaning arrangements must **continue to be appropriate** should the **volumes cleared and/or credit exposures** arising from the interoperable arrangement **increase substantially and/or an additional CCP join the interoperable arrangements** and/or one of the existing participating CCPs leave the arrangements.
- The **interoperable arrangements currently in operation within the UK and Switzerland will be reviewed** to ensure that they conform to the framework provided by the above principles. The operation of such arrangements may continue pending the results of this review.”

Summary of progress on A&I requests from October 2009 to March 2010

- Due to regulatory review of CCP link agreements by FSA, DNB, AFM, FINMA and SNB, most request activities have been stalled during the last month
- Status changed: 2 requests (2 from green to on hold)
- Status unchanged: 88 requests (red: 14, yellow: 16; green: 46; on hold: 7; split colours: 5)
- Status implemented: 1
- No new requests

Overview of MOG A&I Progress: red/yellow & on hold

Requesting organisation	Receiving organisation	Link type	Status 2008		Status 2009		Status 2010	
			October	January	July	October	March	
Eurex Clearing AG	LSE	TFA	red	red	red	red	red	
Eurex Clearing AG	LCH.Clearnet Ltd	I	red	red	red	red	red	
Clearstream Banking Frankfurt	LCH.Clearnet Ltd	TFA	red	red	red	red	red	
LCH.Clearnet S.A.	Borsa Italiana	TFA	red	red	red	red	red	
LCH.Clearnet S.A.	CC&G	I	red	red	red	red	red	
LCH.Clearnet S.A.	Monte Titoli	SA	red	red	red	red	red	
LCH.Clearnet S.A.	Chi-x	TFA	red	red	red	red	red	
LCH.Clearnet S.A.	EMCF	I	red	red	red	red	red	
Clearstream Banking Luxembourg	LCH.Clearnet Ltd	TFA	red	red	red	red	red	
Euroclear Bank	FWB	TFA	red	green	red	green	red	
Eurex Clearing AG	LCH.Clearnet S.A.	I	red	red	yellow	red	red	
SIX x-clear	EMCF	I	yellow	green	yellow	red	red	
SIX x-clear	Chi-x	TFA	yellow	green	yellow	red	red	
SIX x-clear	NASDAQ OMX Nordic	TFA	N/A	N/A	yellow	red	red	
SIX x-clear	NASDAQ OMX Europe	TFA	N/A	N/A	yellow	red	red	
Euroclear Bank	CC&G	TFA	yellow	yellow	yellow	yellow	yellow	
Euroclear Bank	SIX x-clear	TFA	green	green	green	yellow	green	
SIX x-clear	NYSE Euronext	TFA	yellow	yellow	yellow	yellow	yellow	
SIX x-clear	LCH.Clearnet S.A.	I	yellow	yellow	yellow	yellow	yellow	
LCH.Clearnet S.A.	Frankfurter Wertpapierbörse	TFA	yellow	yellow	green	yellow	green	
LCH.Clearnet S.A.	Eurex Clearing AG	TFA	yellow	green	yellow	green	yellow	
LCH.Clearnet S.A.	Clearstream Banking Frankfurt	SA or CA	yellow	green	yellow	green	yellow	
CC&G	LSE	TFA	yellow	yellow	yellow	yellow	yellow	
EMCF	NYSE Euronext	TFA	yellow	yellow		yellow	yellow	
EMCF	LCH.Clearnet SA	I	yellow	yellow		yellow	yellow	
EMCF	LSE	TFA	yellow	yellow		yellow	yellow	
EMCF	SIX x-clear	I	yellow	yellow		yellow	yellow	
EMCF	LCH.Clearnet Ltd	I	yellow	yellow		yellow	yellow	
EMCF	SIX Swiss Exchange	TFA	N/A	N/A	N/A	yellow	yellow	
EMCF	LCH.Clearnet Ltd	I	N/A	N/A	N/A	yellow	yellow	
EMCF	SIX x-clear	I	N/A	N/A	N/A	yellow	yellow	
EMCF	SIX x-clear	I	N/A	N/A	N/A	yellow	yellow	
Euro CCP	Chi-X	TFA	N/A	N/A	yellow	yellow	yellow	
Euro CCP	LSE	TFA	N/A	N/A	red	yellow	yellow	
KDPW	CSD Lithuania	SA	N/A	N/A	green	yellow	yellow	
SIX SIS Ltd	Clearstream Banking Frankfurt	SA or CA	on hold	on hold	on hold	on hold	on hold	
SIX SIS Ltd	Clearstream Banking Luxembourg	SA or CA	on hold	on hold	on hold	on hold	on hold	
SIX SIS Ltd	Frankfurter Wertpapierbörse	TFA	green	green	green	green	on hold	
SIX SIS Ltd	Eurex Clearing AG	TFA	green	green	green	green	on hold	
LCH.Clearnet S.A.	LSE	TFA		on hold	on hold	on hold	on hold	
LCH.Clearnet S.A.	Euroclear UK and Ireland	SA		on hold	on hold	on hold	on hold	
LCH.Clearnet S.A.	LCH.Clearnet Ltd	I (not formal)		on hold	on hold	on hold	on hold	
Clearstream Banking Frankfurt	SIX Swiss Exchange	Information	green	green	green	on hold	on hold	
Clearstream Banking Frankfurt	SIX x-clear	TFA	green	green	green	on hold	on hold	

Overview of MOG A&I Progress: Status Green



Markets	Requesting organisation	Receiving organisation	Link type	Status				
				Status 2008	Status 2009	Status 2010		
Green Status				October	January	July	October	March
BE → DE	Euroclear Bank	Eurex Clearing AG	TFA	green	green	green	green	green
BE → UK	Euroclear Bank	EuroCCP	TFA	green	green	green	green	green
CH → Pan E	SIX x-clear	BATS Europe	TFA	N/A	N/A	green	green	green
CH → Pan E	SIX x-clear	Turquoise	TFA	N/A	N/A	green	green	green
CH → Pan E	SIX x-clear	Euro CCP	Interoperability	red	red	green	green	green
DE → CH	Eurex Clearing AG	SIX Swiss Exchange	TFA	green	green	green	green	green
DE → CH	Eurex Clearing AG	SIX x-clear	I	green	green	green	green	green
DE → CH	Eurex Clearing AG	LCH.Clearnet Ltd	I	N/A	N/A	N/A	green	green
DE → CH	Eurex Clearing AG	SIX SIS Ltd	TFA	green	green	green	green	green
DE → BE	Eurex Clearing AG	Euronext Brussels	TFA	green	green	green	green	green
DE → FR	Eurex Clearing AG	Euronext Paris	TFA	green	green	green	green	green
DE → NL	Eurex Clearing AG	Euronext Amsterdam	TFA	green	green	green	green	green
DE → PT	Eurex Clearing AG	Euronext Lisbon	TFA	green	green	green	green	green
DE → BL	Eurex Clearing AG	Euroclear Belgium	TFA	green	green	green	green	green
DE → FR	Eurex Clearing AG	Euroclear France	TFA	green	green	green	green	green
DE → NL	Eurex Clearing AG	Euroclear Nederland	TFA	green	green	green	green	green
DE → PT	Eurex Clearing AG	Interbolsa	TFA	green	green	green	green	green
DE → UK	Eurex Clearing AG	Euroclear UK & Ireland	TFA	green	green	green	green	green
DE → CH	Clearstream Banking Frankfurt	SIX SIS Ltd	SA or CA	green	green	green	green	green
DE → FR	Clearstream Banking Frankfurt	LCH.Clearnet S.A.	TFA	green	green	green	green	green
DE → IT	Clearstream Banking Frankfurt	Borsa Italiana	TFA	red	green	green	green	green
DE → IT	Clearstream Banking Frankfurt	CC&G	TFA	red	green	green	green	green
DE → SE	Clearstream Banking Frankfurt	NASDAQ OMX	TFA	green	green	green	green	green
LU → CH	Clearstream Banking Luxembourg	SIX Swiss Exchange	TFA	green	green	green	green	green
LU → CH	Clearstream Banking Luxembourg	SIX SIS Ltd	SA or CA	green	green	green	green	green
LU → DE	Clearstream Banking Luxembourg	Frank. Wertpapierbörse	TFA	green	green	green	green	green
LU → FR	Clearstream Banking Luxembourg	LCH Clearnet SA	TFA	green	green	green	green	green
LU → IT	Clearstream Banking Luxembourg	Borsa Italiana	TFA	red	green	green	green	green
LU → IT	Clearstream Banking Luxembourg	CC&G	TFA	red	green	green	green	green
LU → SE	Clearstream Banking Luxembourg	NASDAQ OMX	TFA	green	green	green	green	green
NL → Pan E	EMCF	BATS	TFA	N/A	N/A	N/A	green	green
NL → Pan E	EMCF	CHI-X	TFA	N/A	N/A	N/A	green	green
NL → Pan E	EMCF	LCH.Clearnet Ltd	I	N/A	N/A	N/A	green	green
NL → Nordic	EMCF	EuroCCP	I	N/A	N/A	N/A	green	green
NL → Nordic	EMCF	SIX x-clear	I	N/A	N/A	N/A	green	green
Pan E → Nordi	Euro CCP	EMCF	I	N/A	N/A	N/A	green	green
Pan E → Nordi	Euro CCP	NASDAQ OMX Nordic	TFA	N/A	N/A	N/A	green	green
Pan E → Nordi	Euro CCP	SIX x-clear	I	N/A	N/A	N/A	green	green
UK → Pan E	LCH.Clearnet Ltd	Turquoise	TFA	N/A	N/A	N/A	green	green
UK → Pan E	LCH.Clearnet Ltd	BATS Europe	TFA	N/A	N/A	N/A	green	green
UK → Pan E	LCH.Clearnet Ltd	Chi-X	TFA	N/A	N/A	N/A	green	green
UK → Pan E	LCH.Clearnet Ltd	NYSE Arca	TFA	N/A	N/A	N/A	green	green
UK → UK	LCH.Clearnet Ltd	EuroCCP	I	N/A	N/A	N/A	green	green
UK → NL	LCH.Clearnet Ltd	EMCF	I	N/A	N/A	N/A	green	green
UK → No	LCH.Clearnet Ltd	Oslo Clearing	I	N/A	N/A	N/A	green	green
NO → LuM	VPS	Link Up Markets	Interoperability	green	green	green	green	green