

G30/ISSA Recommendations

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In the ISSA Regional Meetings held in 1995, our membership reviewed the original G30 Recommendations dating from 1989, which had been endorsed by ISSA as well at that time. The goal of our review had been twofold:

- To assess progress in each market represented at the meetings as to compliance with the G30 Recommendations and various related ISSA Recommendations
- To examine the applicability of the nine recommendations themselves, considering that more than six years of industry development had passed since their publication.

As a result of that review, the wording of some of the recommendations was amended to allow for greater clarification. Precise definitions made the recommendations stronger. The advent of Real Time Gross Settlement (RTGS) and technological progress in general were taken into account.

In ISSA's General Assembly in 1996, our membership mandated ISSA to continue to watch global progress of the implementation and to provide status reports at approximately two years' intervals. The current review covers 53 markets. It was undertaken between September 1998 and April 1999 with the help of our member institutions and correspondents in fifty markets.

The Executive Board wishes to thank all those who contributed to the substantial effort involved in compiling the required information.

This report is divided into two sections:

Section 1 contains the wording of the original G30 Recommendations as published in 1989 and the amendments which were ratified by the ISSA Executive Board in 1995. An extract from the findings of the "Report of the Committee on Interbank Netting Schemes of the Central Banks of the Group of Ten Countries" published by the Bank for International Settlements in 1990 ("The Lamfalussy Recommendations") is inserted for reference purposes.

Section 2 represents the core of this report. The status review is presented in chart form followed by explanations where appropriate, on a country by country basis. The countries are listed in alphabetical order.

The ISSA sponsors are pleased to make this report available to all interested parties. Our members are encouraged to disseminate information on the ISSA update of the original G30 Recommendations within their markets.

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ISSA Update of the Original G-30 Recommendations

Recommendation I

All comparisons of trades between direct market participants (i.e. brokers, broker/dealers and other exchange members) should be accomplished by T+0. Matched trade details should be linked to the settlement system.

Recommendation II

Indirect market participants (such as institutional investors and other indirect trading counterparties) should achieve positive affirmation of trade details by T+1.

Recommendation III

Each country should have in place an effective and fully developed central securities depository, organised and managed to encourage the broadest possible direct and indirect industry participation. The range of depository eligible instruments should be as wide as possible. Immobilisation or dematerialisation of financial instruments should be achieved to the utmost extent possible.

If several CSDs exist in the same market, they should operate under compatible rules and practices, with the aim of reducing settlement risk and enabling efficient use of funds and available cross-collateral.

Recommendation IV

Each market is encouraged to reduce settlement risk by introducing either Real Time Gross Settlement or a trade netting system that fully meets the “Lamfalussy-recommendations”. [refer to attachment]

Recommendation V

Delivery versus payment (DVP) should be employed as the method of settling all securities transactions. DVP is defined as follows:

Simultaneous, final, irrevocable and immediately available exchange of securities and cash on a continuous basis throughout the day.

Recommendation VI

Payments associated with the settlement of securities transactions and the servicing of securities portfolios should be made consistent across all instruments and markets by adopting the “same day” funds convention.

Recommendation VII

A rolling settlement system should be adopted by all markets. Final settlement for all trades should occur no later than T+3.

Recommendation VIII

Securities lending and borrowing should be encouraged as a method of expediting the settlement of securities transactions. Existing regulatory and taxation barriers that inhibit the practice of lending and borrowing securities should be removed.

Recommendation IX

Each country should adopt the standard for securities messages developed by the International Organisation of Standardisation (ISO Standard 7775). In particular, countries should adopt the ISIN numbering system for securities issues as defined in the ISO Standard 6166.

“The Lamfalussy Recommendations”

Extract from the 1990 Report of the Committee on Interbank Netting Schemes of the Central Banks of the Group of Ten Countries

Recommendation 1

Netting schemes should have a well-founded legal basis under all relevant jurisdictions.

Recommendation 2

Netting scheme participants should have a clear understanding of the impact of the particular scheme on each of the financial risks affected by the netting process.

Recommendation 3

Multilateral netting systems should have clearly defined procedures for the management of credit risks and liquidity risks which specify the respective responsibilities of the netting provider and the participants. These procedures should also ensure that all parties have both the incentives and the capabilities to manage and contain each of the risks they bear; and that limits are placed on the maximum level of credit exposure that can be produced by each participant.

Recommendation 4

Multilateral netting systems should, at a minimum, be capable of ensuring the timely completion of daily settlements in the event of an inability to settle by the participant with the largest single net-debit position.

Recommendation 5

Multilateral netting systems should have objective and publicly disclosed criteria for admission which permit fair and open access.

Recommendation 6

Multilateral netting systems should ensure the operational reliability of technical systems and the availability of back-up facilities capable of completing daily processing requirements.

ARGENTINA

Recommendation	Implemented		Planned			Notes
	Yes	No	No	Yes	When?	
1a Trade comparisons between direct market participants by T+0		X				1a While there is no formal trade matching system, stock exchange members compare trades by T+1. In the electronic OTC bond market, the seller inputs trade details in the SIOPEL system and the counterparty confirms the transaction.
1b Matched trade details should be linked to the settlement system	X					1b For stock exchange trades, trade details are linked to the settlement system. For trades done by MAE (Mercado Abierto Electronico) brokers, there is no clearing house, except for CRYL (registration agent and clearing house for new government debt instruments) eligible securities. In the latter case, bilateral settlement instructions may be sent to CRYL for settlement.
2 Indirect market participants to achieve affirmation by T+1	X					
3a Central depository, broadest possible participation	X					3a <u>Categories of direct participants:</u> Caja de Valores SA is the central depository. Banks, brokers, OTC Members, pension funds, mutual funds, other financial institutions if approved by the Central Bank. Domestic institutions only in all categories.
3b Widest possible range of depository eligible instruments	X					
3c Immobilisation/dematerialisation to the utmost extent possible	X					
3d Compatible rules and practices in case of multiple CSDs	N/A					3b <u>Major categories of investment instruments that are not (yet) depository eligible:</u> All instruments with approved public offering are eligible at Caja de Valores.
4a Real Time Gross Settlement system		X		X		3d CRYL is the registration agent and clearinghouse for "Bontes" (Bonos de Tesorería) and "Letes" (Letras de Tesorería). Its rules and practices are widely compatible with those of the Caja de Valores.
4b Trade netting system as per "Lamfalussy-Recommendations"	X					
5 Delivery versus Payment (DVP) as defined by ISSA		X				4b Security settlement between investor and broker is on a gross basis.
6a Same Day Funds for securities settlement	X					5 BIZ Model 2 is in place (securities gross, cash transfers net) since December 12, 1995.
6b Same Day Funds for the servicing of securities portfolios	X					6 Payment is made on settlement date via form 4090, which is credited overnight but having value date. Therefore, funds can be used on the same day.
7a A rolling settlement system should be adopted by all markets	X					8a There is a securities lending program available at the Merval (Mercado de Valores, the brokers association), but is only used for covering failures by Merval brokers. Bond lending on an unsecured basis is used for periods ranging from 30 to 180 days. It is used as a means of financing by companies, and not as an instrument to ease settlement of short positions.
7b Final settlement for all trades by T+3	X					
8a Securities lending and borrowing should be encouraged		X				8b Presently, banks are only able to borrow on a principal basis.
8b Existing regulatory and taxation barriers should be removed	X					
9a ISO Standard 7775 (Securities messages)		X				9a Some custodians comply with ISO Standard 7775, as SWIFT messages are being used.
9b ISO Standard 6166 (ISIN numbering system)	X					

AUSTRALIA

Recommendation	Implemented		Planned		
	Yes	No	No	Yes	When?
1a Trade comparisons between direct market participants by T+0	X				
1b Matched trade details should be linked to the settlement system	X				
2 Indirect market participants to achieve affirmation by T+1	X				
3a Central depository, broadest possible participation	X				
3b Widest possible range of depository eligible instruments	X				
3c Immobilisation/dematerialisation to the utmost extent possible	X				
3d Compatible rules and practices in case of multiple CSDs	X				
4a Real Time Gross Settlement system	X				
4b Trade netting system as per "Lamfalussy-Recommendations"	X				
5 Delivery versus Payment (DVP) as defined by ISSA		X		X	
6a Same Day Funds for securities settlement	X				
6b Same Day Funds for the servicing of securities portfolios	X				
7a A rolling settlement system should be adopted by all markets	X				
7b Final settlement for all trades by T+3	X				
8a Securities lending and borrowing should be encouraged	X				
8b Existing regulatory and taxation barriers should be removed	X				
9a ISO Standard 7775 (Securities messages)	X				
9b ISO Standard 6166 (ISIN numbering system)	X				

Notes

- 2 Indirect market participants will usually receive affirmation by T+1, or later if off-shore.
- 3a Categories of direct participants:
There is no CSD for equities. CHES is the centralised settlement and subregister system.
There are two CSDs for debt securities, RITS (Reserve Bank of Australia Information and Transfer System) for government issues and Austraclear for all others.
- 3b Major categories of investment instruments that are not (yet) depository eligible:
Delisted stocks and most foreign equity stocks which can only be held in certificated form are not CHES eligible.
Foreign incorporated securities whose country's legislation does not allow or recognise electronic settlement or registration of equity securities, are not CHES eligible. These securities can be traded in CUFS (CHES Units of Foreign Securities), where the certificates of the foreign company are held immobilised in an ASX nominee subsidiary, with electronic holdings allocated and settled within CHES.
Most fixed interest securities traded in Australia are either held by a depository (Austraclear or RITS), inscribed or are registered.
- 3c An electronic "Name on register" system allows for the immobilisation of equity securities. The CHES system encourages all shareholders to opt for the uncertificated form.
- 3d The three CSDs, CHES, RITS, and Austraclear, are all overseen by the Australian Securities Commission.
- 4a Debt securities settled in the RITS system are completed trade-for-trade with funds being passed in RTGS.
A "pseudo" RTGS system operates within CHES. The DVP process in CHES ensures that the electronic transactions are settled on an irreversible basis.
- 5 DVP takes place once a day within CHES for "settlement" transactions. "Demand" transactions are completed throughout the day, but funding is settled outside the CHES system and is therefore not true DVP. RITS also provides cleared funds following settlement. Austraclear provides cleared funds at end of day.
- 6a Electronic transfers are considered good funds on receipt, but finality of payment occurs only after clearance in central bank clearing accounts on value date +1.
Payments for physical trades generally settle net between brokers and trade-by-trade between brokers and custodians with payment predominantly by bank cheques which are considered good funds upon receipt. Absolute payment finality occurs only after overnight clearance.
- 7b T+3 is in effect (February 1999) for Fixed Income and Money Market transactions and listed equities.

AUSTRIA

Recommendation	Implemented		Planned			Notes
	Yes	No	No	Yes	When?	
1a Trade comparisons between direct market participants by T+0	X					2 Institutional investors execute their securities transaction through banks/brokers. Trade affirmation (transfer of ownership) is given on the same day by booking in the securities account according to the provisions of the Deposit-act (Depotgesetz).
1b Matched trade details should be linked to the settlement system	X					
2 Indirect market participants to achieve affirmation by T+1	X					3a <u>Categories of direct participants:</u> There is only one CSD in Austria (Oesterreichische Kontrollbank/Wertpapier-sammelbank). As per IX/96 the by-laws (Wertpapiersammelbank) were amended: Holders of deposits with the CSD (deposit holder) may be with its agreement: members of the Vienna Stock Exchange, official brokers of the Vienna Stock Exchange, foreign central securities depositories and clearing institutions, furthermore credit and financial institutions in each case if business makes it desirable to hold a deposit with the CSD.
3a Central depository, broadest possible participation	X					
3b Widest possible range of depository eligible instruments	X					
3c Immobilisation/dematerialisation to the utmost extent possible	X					
3d Compatible rules and practices in case of multiple CSDs	N/A					
4a Real Time Gross Settlement system	X					
4b Trade netting system as per "Lamfalussy-Recommendations"	X					
5 Delivery versus Payment (DVP) as defined by ISSA	X					
6a Same Day Funds for securities settlement	X					
6b Same Day Funds for the servicing of securities portfolios	X					
7a A rolling settlement system should be adopted by all markets	X					3b <u>Major categories of investment instruments that are not (yet) depository eligible:</u> Derivatives
7b Final settlement for all trades by T+3	X					
8a Securities lending and borrowing should be encouraged	X					4a A Real Time Gross Settlement scheme for the settlement of OTC transactions will be introduced in late 1998 / early 1999.
8b Existing regulatory and taxation barriers should be removed	X					
9a ISO Standard 7775 (Securities messages)		X		X	2000	4b A multilateral netting scheme for the settlement of stock exchange transactions meeting the Lamfalussy-Recommendations (except last sentence of Recommendation 3, no defined limits on the maximum level of credit exposure) has been in place since 1949.
9b ISO Standard 6166 (ISIN numbering system)		X		X	2001	
						5 The Real Time Gross Settlement facility which will be introduced in 1998/1999, will be linked to Austria's Central Bank accounting system (RTGS), which will also operate in a real time mode. This will allow DVP settlement as defined in Recommendation 5.
						7 The multilateral netting scheme for the settlement of stock exchange transactions, which currently works on the basis of a weekly settlement period, will be adopted to rolling settlement on a T+3 basis in the course of 1997.
						9a ISO Standard 7775 will be fully introduced with the implementation of a new CSD System in the year 2000. Currently, ISO 7775 is only in use for certain securities messages.
						9b The ISIN numbering system is widely implemented and used by many market participants. Full implementation (exclusive use of ISIN) is planned for 2001/2002.

BANGLADESH

Recommendation	Implemented		Planned		
	Yes	No	No	Yes	When?
1a Trade comparisons between direct market participants by T+0	X				
1b Matched trade details should be linked to the settlement system	X				
2 Indirect market participants to achieve affirmation by T+1	X				
3a Central depository, broadest possible participation		X		X	2000
3b Widest possible range of depository eligible instruments		X		X	2000
3c Immobilisation/dematerialisation to the utmost extent possible		X		X	2000
3d Compatible rules and practices in case of multiple CSDs	N/A				
4a Real Time Gross Settlement system		X	X		
4b Trade netting system as per "Lamfalussy-Recommendations"	X				
5 Delivery versus Payment (DVP) as defined by ISSA		X		X	1999
6a Same Day Funds for securities settlement		X			
6b Same Day Funds for the servicing of securities portfolios		X			
7a A rolling settlement system should be adopted by all markets	X				
7b Final settlement for all trades by T+3		X		X	2000
8a Securities lending and borrowing should be encouraged		X		X	2000
8b Existing regulatory and taxation barriers should be removed		X		X	1999
9a ISO Standard 7775 (Securities messages)		X	X		
9b ISO Standard 6166 (ISIN numbering system)		X	X		

Notes

- 3a The Cabinet has passed a draft Bill for establishment of a central depository system to begin operation in 2000.

BELGIUM

Recommendation	Implemented		Planned		
	Yes	No	No	Yes	When?
1a Trade comparisons between direct market participants by T+0	X				
1b Matched trade details should be linked to the settlement system	X				
2 Indirect market participants to achieve affirmation by T+1	X				
3a Central depository, broadest possible participation	X				
3b Widest possible range of depository eligible instruments	X				
3c Immobilisation/dematerialisation to the utmost extent possible		X		X	
3d Compatible rules and practices in case of multiple CSDs	X				
4a Real Time Gross Settlement system	X				
4b Trade netting system as per "Lamfalussy-Recommendations"	X				
5 Delivery versus Payment (DVP) as defined by ISSA	X				
6a Same Day Funds for securities settlement	X				
6b Same Day Funds for the servicing of securities portfolios		X			
7a A rolling settlement system should be adopted by all markets	X				
7b Final settlement for all trades by T+3		X			
8a Securities lending and borrowing should be encouraged	X				
8b Existing regulatory and taxation barriers should be removed		X			
9a ISO Standard 7775 (Securities messages)	X				
9b ISO Standard 6166 (ISIN numbering system)	X				

Notes

A clear distinction must be made between the *Stock Exchange Market system* for trading, clearing, and settlement; and the *OTC-market systems*. Both types of system are not integrated.

- 1a Stock Exchange transactions: Comparison on T+0 for all trades concluded on NTS (New Trading System; includes most transactions)
OTC-National Bank System: Real-time matching.

OTC-EMSS System: Real time matching, hourly real-time settlement (multiple batches) (EMSS = Electronic Matching & Securities Settlement)

- 1b Stock Exchange transactions: Settlement instructions relative to spot market or forward market transactions are all settled through to the CSD. The Belgian Central Bank effects the cash payment on S/D.
OTC-National Bank System: Matching is followed by clearing and settlement in the same system.
OTC-EMSS System: Matching is followed by clearing and settlement in the same system.
- 2 The way the affirmation process is achieved depends on the means of communication the intermediaries can handle, as well as on the contract between the direct and the indirect participant. T+1 is the rule.
- For stock exchange transactions, indirect market participants receive confirmation via network or on paper from their broker.
 - For over-the-counter transactions, the indirect participants are informed via SWIFT or fax.
- 3a Categories of direct participants:
 Membership in CIK is open to individuals, companies or institutions which are legally authorised in Belgium to handle stock exchange orders (Belgian banks, Belgian brokers, Belgian savings banks, Public credit organisations)
 Foreign institutions performing operations similar to those of CIK and foreign individuals, companies or institutions authorised by the law governing them to accept order to buy or sell quoted or unquoted securities can also become CIK-members.
- 3b Major categories of investment instruments that are not (yet) depository eligible:
 In CIK: public debt instruments, cash certificates. Public debt instruments are held with the Central Bank.
- 3c Dematerialisation: Achieved for the major part of public debt. For private issues Belgian companies can opt to issue securities in physical form or through an account entry with CIK.
- 3d The Central Bank and CIK handle different categories of instruments. The Central Bank holds an account with CIK to enable CIK participants to deliver securities to the Central Bank. The different settlement systems operate on different time schedules.
- 4a Real-time Gross Settlement is currently not planned for the Stock Exchange market. The Central Bank operates an RTGS system for OTC transactions. Currently, the Central Bank completes clearing by 3 p.m. while CIK moves title by noon.
- 4b CIK offers final delivery versus payment based on Model 1 (BIS report 1992) and payment in Central Bank money. The Central Bank operates a BIS Model 1.
- 5 Timing of movement of title and finality of payment is not simultaneous (see also 4a).
- 6a Stock Exchange transactions: Securities debit on S/D, cash payment on S/D
 OTC Transactions: Same day funds.
- 7b Spot Market: T+3 on the initiative of the seller. On Forward Market on T+15 to T+4.
- 8a Securities lending is in place for public debt issues. Lending for private issues is planned.
- 9 Stock Exchange market: implementation with the introduction of the new clearing & settlement system; already implemented for the Central Bank and at CIK.

BRAZIL

Recommendation	Implemented		Planned		
	Yes	No	No	Yes	When?
1a Trade comparisons between direct market participants by T+0	X				
1b Matched trade details should be linked to the settlement system	X				
2 Indirect market participants to achieve affirmation by T+1		X			
3a Central depository, broadest possible participation	X				
3b Widest possible range of depository eligible instruments	X				
3c Immobilisation/dematerialisation to the utmost extent possible	X				
3d Compatible rules and practices in case of multiple CSDs	X				
4a Real Time Gross Settlement system		X			
4b Trade netting system as per "Lamfalussy-Recommendations"	X				
5 Delivery versus Payment (DVP) as defined by ISSA		X			
6a Same Day Funds for securities settlement		X			
6b Same Day Funds for the servicing of securities portfolios		X	X		
7a A rolling settlement system should be adopted by all markets	X				
7b Final settlement for all trades by T+3		X	X		
8a Securities lending and borrowing should be encouraged	X				
8b Existing regulatory and taxation barriers should be removed	X				
9a ISO Standard 7775 (Securities messages)	X				
9b ISO Standard 6166 (ISIN numbering system)	X				

Notes

- 2 Institutional investors receive trade reports, settlement reports and may also access trade matching information on-line through the custody and settlement system. Affirmation by T+1 occurs at random only and is not common for cross-border transactions.
- 3a Categories of direct participants:
Banks, brokers, securities firms, global custodians, pension funds, investment funds, insurance companies, other stock exchanges and CSDs.
- 3b Major categories of investment instruments that are not (yet) depository eligible:
Virtually all investment instruments are depository eligible. There are different depositories specialising on certain types of instruments (equity, corporate fixed income, Government Bonds)
- 4b Netting for domestic trades.
- 5 Only applicable to fixed-income instruments.
Timing of movement of title and finality of payment is not simultaneous.
- 6a Equity securities settle in next day funds. In order to modify this, regulatory changes must occur first.
- 7b Pending for cash clearing.
- 8a Stock lending has been in operation since 1996.
- 9b No ISIN numbering system for fixed income instruments.

BULGARIA

Recommendation	Implemented		Planned		
	Yes	No	No	Yes	When?
1a Trade comparisons between direct market participants by T+0	X				
1b Matched trade details should be linked to the settlement system	X				
2 Indirect market participants to achieve affirmation by T+1		X			
3a Central depository, broadest possible participation	X				
3b Widest possible range of depository eligible instruments	X				
3c Immobilisation/dematerialisation to the utmost extent possible	X				
3d Compatible rules and practices in case of multiple CSDs	N/A				
4a Real Time Gross Settlement system	X				
4b Trade netting system as per "Lamfalussy-Recommendations"		X			
5 Delivery versus Payment (DVP) as defined by ISSA	X				
6a Same Day Funds for securities settlement		X			
6b Same Day Funds for the servicing of securities portfolios		X			
7a A rolling settlement system should be adopted by all markets	X				
7b Final settlement for all trades by T+3	X				
8a Securities lending and borrowing should be encouraged	X				
8b Existing regulatory and taxation barriers should be removed		X			
9a ISO Standard 7775 (Securities messages)		X		X	End 1999
9b ISO Standard 6166 (ISIN numbering system)	X				

CANADA

Recommendation	Implemented		Planned		
	Yes	No	No	Yes	When?
1a Trade comparisons between direct market participants by T+0		X	X		
1b Matched trade details should be linked to the settlement system	X				
2 Indirect market participants to achieve affirmation by T+1	X				
3a Central depository, broadest possible participation	X				
3b Widest possible range of depository eligible instruments	X				
3c Immobilisation/dematerialisation to the utmost extent possible	X				
3d Compatible rules and practices in case of multiple CSDs	X				
4a Real Time Gross Settlement system		X	X		
4b Trade netting system as per "Lamfalussy-Recommendations"	X				
5 Delivery versus Payment (DVP) as defined by ISSA	X				
6a Same Day Funds for securities settlement	X				
6b Same Day Funds for the servicing of securities portfolios	X				
7a A rolling settlement system should be adopted by all markets	X				
7b Final settlement for all trades by T+3	X				
8a Securities lending and borrowing should be encouraged	X				
8b Existing regulatory and taxation barriers should be removed	X				
9a ISO Standard 7775 (Securities messages)		X	X		
9b ISO Standard 6166 (ISIN numbering system)	X				

Notes

- 1a Proprietary trades are matched the evening of T+0. Transactions are input by exchange on evening of trade date (T+0). Clients do not receive the trade confirmation and forward settlement instruction until the next day (T+1). Trade matching therefore cannot be accomplished by T+0.
- 2 Mechanisms are in place, but market practices are such that a large percentage (30%) are achieved late T+2 or early T+3.
Canada has no centralised facility which links the indirect participants to the clearing corporations. Positive affirmation is performed on behalf of the indirect market participant by settlement intermediaries who are members of the depository's trade comparison system. Many indirect participants are electronically linked to the intermediaries. The Canadian Working Committee of the Group of Thirty is developing a generic communications system to link counterparties and intermediaries.
- 3a Categories of direct participants:
Schedule A and B banks, brokers (investment dealers), other CSDs, trust companies, credit unions, the central bank, life insurance companies.
- 4b Security settlement between investor and broker is on a gross basis.
- 5 Currently DCS (Debt Clearing Service) provides irrevocable settlement. From early 1999 LVTS (Large Value Transfer System) will bring same day finality to the payment exchange for DCS eligible securities.
For the SSS (Securities Settlement Service) the settlement of cash and securities, a general security interest is retained by the depository until payment is finalised.
- 6a Canada has facilitated same day funds for securities settlements by using risk management and containment systems which conform to the BIS/G-10 "Report on Delivery vs. Payment in Securities Settlement Systems" to assure participants of irrevocable settlement on a same day basis. Depositors of cheques exchanged receive immediate credit and participants drawing certified cheques are immediately debited. However, Canadian funds payments are not final and irrevocable until cleared through the Canadian Payments Association (CPA) system the next day. Debits and credits to the accounts of direct clearers are backdated to the previous day resulting in the potential risk of cheques being returned if the CPA member becomes insolvent.

Same day, irrevocable funds settlement will be achieved through the implementation of LVTS (Large Value Transfer System) in the first quarter of 1999. LVTS will be operated by the Canadian Payments Association.
- 9a ISO Standard 7775 is used extensively for international settlement but not domestic.
- 9b ISO Standard 6166 is used by DCS only.

CHILE

Recommendation	Implemented		Planned			Notes
	Yes	No	No	Yes	When?	
1a Trade comparisons between direct market participants by T+0	X					1 All trades between direct market participants are compared by T+0. Details of matched equity trades are linked with settlement systems operated by each exchange. Trades in money market instruments are settled on T+0, matching and settlement are simultaneous.
1b Matched trade details should be linked to the settlement system	X					
2 Indirect market participants to achieve affirmation by T+1	X					2 Indirect market participants are also members of the CSD. They achieve positive affirmation by T+1 of fixed income instruments.
3a Central depository, broadest possible participation	X				increasing	For equity trades indirect participants can affirm transactions in the CSD's trade comparison system, at any time between T+0 to T+2.
3b Widest possible range of depository eligible instruments	X					
3c Immobilisation/dematerialisation to the utmost extent possible	X				increasing	3 There is only one CSD in Chile. All traded securities are depository eligible.
3d Compatible rules and practices in case of multiple CSDs	N/A					
4a Real Time Gross Settlement system		X		X	2000	3a <u>Categories of direct participants:</u> Stock exchange, Central Bank, banks, brokers/brokerage firms, unit trust companies, pension funds, insurance companies, mutual fund companies, corporate investors having equity capital of USD 33 million or higher.
4b Trade netting system as per "Lamfalussy-Recommendations"		X	X			
5 Delivery versus Payment (DVP) as defined by ISSA		X		X	2000	3b <u>Major categories of investment instruments that are not (yet) depository eligible:</u> Certificates of Banking Deposits (CDs).
6a Same Day Funds for securities settlement		X		X	2000	
6b Same Day Funds for the servicing of securities portfolios		X	X			3c All fixed income and money market instruments and most physical securities are immobilised. Complete dematerialisation is planned by the year 2000. Equities and Central Bank short term issues are in dematerialised form. From January 1998, CSD has begun to "receive in deposit" dematerialised mortgage bonds and other fixed income securities.
7a A rolling settlement system should be adopted by all markets	X					
7b Final settlement for all trades by T+3	X					4 OTC market trades, exchange trades among brokers and between brokers and institutional investors, in fixed income and money market securities, as far as registered in the CSD, are settled through a gross settlement system (no real time). Exchange trades in equity issues among brokers are settled in a multilateral netting system. All trades are guaranteed by the exchanges, therefore fails do not occur. Trades between brokers and institutional investors are registered, affirmed and settled through the CSD gross settlement system (no real time). An RTGS system is planned by 2000. This system will be used only for equity exchange trades between brokers. Other equity trades will continue to settle through the exchanges' multilateral netting system.
8a Securities lending and borrowing should be encouraged		X		X	2000	
8b Existing regulatory and taxation barriers should be removed		X		X	2000	5 A true DVP system is planned to be in place by 2000.
9a ISO Standard 7775 (Securities messages)		X	X		2000	
9b ISO Standard 6166 (ISIN numbering system)		X	X		2000	6 Cashier checks used to settle securities transactions are credited to sellers' current accounts one day after the settlement process. Banks assure the funds in the banking clearing house. The same occurs with the servicing of securities portfolios.
						7 No rolling settlement system in place. Final settlement for all trades occurs before T+3.
						8 Regulators are studying a proposal to develop securities lending and borrowing. There are some regulatory and taxation barriers that should be removed first.
						9 ISIN numbering will probably be tackled by 2000.

CHINA

Recommendation	Implemented		Planned		
	Yes	No	No	Yes	When?
1a Trade comparisons between direct market participants by T+0	X				
1b Matched trade details should be linked to the settlement system	X				
2 Indirect market participants to achieve affirmation by T+1		X	X		Not required
3a Central depository, broadest possible participation	X				
3b Widest possible range of depository eligible instruments	X				
3c Immobilisation/dematerialisation to the utmost extent possible	X				
3d Compatible rules and practices in case of multiple CSDs	N/A				
4a Real Time Gross Settlement system	X				
4b Trade netting system as per "Lamfalussy-Recommendations"			X		
5 Delivery versus Payment (DVP) as defined by ISSA		X	X		
6a Same Day Funds for securities settlement	X				
6b Same Day Funds for the servicing of securities portfolios	X				
7a A rolling settlement system should be adopted by all markets	X				
7b Final settlement for all trades by T+3	X				
8a Securities lending and borrowing should be encouraged		X	X		
8b Existing regulatory and taxation barriers should be removed		X	X		No dates
9a ISO Standard 7775 (Securities messages)		X		X	No dates
9b ISO Standard 6166 (ISIN numbering system)		X		X	No dates

Notes

1 There are no indirect market participants.

2 DVP is not as defined by ISSA as settlement in Shanghai is actually final in USD in New York which could be in excess of 13 hours later. In Shenzhen actual payment is made in Hong Kong in HKD.

COLOMBIA

Recommendation	Implemented		Planned		
	Yes	No	No	Yes	When?
1a Trade comparisons between direct market participants by T+0	X				
1b Matched trade details should be linked to the settlement system	X				
2 Indirect market participants to achieve affirmation by T+1		X	X		
3a Central depository, broadest possible participation	X				
3b Widest possible range of depository eligible instruments	X				
3c Immobilisation/dematerialisation to the utmost extent possible		X	X		
3d Compatible rules and practices in case of multiple CSDs	X				
4a Real Time Gross Settlement system		X	X		
4b Trade netting system as per "Lamfalussy-Recommendations"		X	X		
5 Delivery versus Payment (DVP) as defined by ISSA	X				
6a Same Day Funds for securities settlement	X				
6b Same Day Funds for the servicing of securities portfolios	X				
7a A rolling settlement system should be adopted by all markets	X				
7b Final settlement for all trades by T+3	X				
8a Securities lending and borrowing should be encouraged		X	X		
8b Existing regulatory and taxation barriers should be removed		X	X		
9a ISO Standard 7775 (Securities messages)		X		X	N/A
9b ISO Standard 6166 (ISIN numbering system)		X		X	N/A

Notes

3a Categories of direct participants:

Domestic and foreign central banks, stock exchanges, brokers, banks, mutual funds, pension funds, insurance companies, government institutions. Generally all investor categories with the exception of private individuals.

For DECEVAL access is available to all financial sector entities, public entities which are active in the securities market, other centralised securities deposits and the issuers registered at the National Securities Registrar under an agreement of Issue Deposit Contract. For DCV direct access is available to all entities under the surveillance of the Superintendency of Banks and Securities and Public Entities. Indirect participation is allowed to customers of the direct participants as third parties with subaccounts. Individuals or non-participants may access and hold positions through any direct participant by opening a subaccount under his name.

3b Major categories of investment instruments that are not (yet) depository eligible:

DECEVAL handles only securities registered at the National Securities Register. DCV handles securities issued or administered by the central bank and the Republic of Colombia.

4 Clearance is trade-by-trade with payment by check or by wire transfer.

5 Only trades cleared through DCV are cleared on a true DVP basis.

6a In the Colombian market, 90% of payments are made via wire transfer, which has same day value. For cheque payments, good funds are received when the cheque clears, a process which takes 48 hours.

7 Equities settle on a date negotiated between the brokers (T+3 to T+6).

Fixed income: SD = TD.

CZECH REPUBLIC

Recommendation	Implemented		Planned			Notes
	Yes	No	No	Yes	When?	
1a Trade comparisons between direct market participants by T+0		X				1a) Prague Stock Exchange trades are normally compared by fax on T+1. T+0 comparison is in place in the money market (TKD system).
1b Matched trade details should be linked to the settlement system		X				
2 Indirect market participants to achieve affirmation by T+1		X				1b) Fulfilled in the National Bank's TKD system.
3a Central depository, broadest possible participation	X					3a) <u>Categories of direct participants:</u> Most securities are dematerialised. The Central Securities Registry de facto acts as the central depository for corporate issues. It is directly accessible by all investor segments.
3b Widest possible range of depository eligible instruments	X					
3c Immobilisation/dematerialisation to the utmost extent possible	X					3b) <u>Major categories of investment instruments that are not (yet) depository eligible:</u> All dematerialised corporate securities (and derivatives, once operational) are eligible. Money market instruments are held in book entry with the National Bank.
3d Compatible rules and practices in case of multiple CSDs	X					
4a Real Time Gross Settlement system		X				4a) Trades are settled gross, but cash and securities move in separate entities and at separate times. The National Bank has an RTGS system in place for money market trades.
4b Trade netting system as per "Lamfalussy-Recommendations"		X				
5 Delivery versus Payment (DVP) as defined by ISSA		X				5) DVP as defined by ISSA is available in the National Bank's TKD Market only (money market instruments).
6a Same Day Funds for securities settlement	X					7b) The official settlement cycle for Prague Stock Exchange trades is T+3. Other markets settle as negotiated between T+1 and T+15, with T+5 a common agreement. Same day settlement is available in the money market.
6b Same Day Funds for the servicing of securities portfolios	X					
7a A rolling settlement system should be adopted by all markets	X					8) Securities lending is allowed but not widely practised. Legally it is considered a transfer of ownership.
7b Final settlement for all trades by T+3	X					
8a Securities lending and borrowing should be encouraged	X					
8b Existing regulatory and taxation barriers should be removed		X				
9a ISO Standard 7775 (Securities messages)	X					
9b ISO Standard 6166 (ISIN numbering system)	X					

DENMARK

Recommendation	Implemented		Planned			Notes
	Yes	No	No	Yes	When?	
1a Trade comparisons between direct market participants by T+0	X					2 All market participants that are indirect participants in the VP system - such as institutional investors - are part of the real-time trade matching and have on-line access to match results.
1b Matched trade details should be linked to the settlement system	X					
2 Indirect market participants to achieve affirmation by T+1	X					3a <u>Categories of direct participants:</u> Banks, brokers, bond issuers, and other CSD's have access as direct participants. Institutional investors have access to the CSD as indirect participants.
3a Central depository, broadest possible participation	X					
3b Widest possible range of depository eligible instruments	X					4a Only direct participants.
3c Immobilisation/dematerialisation to the utmost extent possible	X					
3d Compatible rules and practices in case of multiple CSDs	only CSD					8a No legal obstacles remain (cf. Section 53 of the Danish Securities Trading Act) with respect to securities lending and borrowing.
4a Real Time Gross Settlement system	X					
4b Trade netting system as per "Lamfalussy-Recommendations"	X					
5 Delivery versus Payment (DVP) as defined by ISSA	X					
6a Same Day Funds for securities settlement	X					
6b Same Day Funds for the servicing of securities portfolios	X					
7a A rolling settlement system should be adopted by all markets	X					
7b Final settlement for all trades by T+3	X					
8a Securities lending and borrowing should be encouraged	X					
8b Existing regulatory and taxation barriers should be removed	X					
9a ISO Standard 7775 (Securities messages)	X					
9b ISO Standard 6166 (ISIN numbering system)	X					

Euromarket (Cedelbank)

Recommendation	Implemented		Planned		
	Yes	No	No	Yes	When?
1a Trade comparisons between direct market participants by T+0	X				
1b Matched trade details should be linked to the settlement system	X				
2 Indirect market participants to achieve affirmation by T+1		X		X	
3a Central depository, broadest possible participation	X				
3b Widest possible range of depository eligible instruments	X				
3c Immobilisation/dematerialisation to the utmost extent possible	X				
3d Compatible rules and practices in case of multiple CSDs	X				
4a Real Time Gross Settlement system		X		X	1999
4b Trade netting system as per "Lamfalussy-Recommendations"	X				
5 Delivery versus Payment (DVP) as defined by ISSA	X				
6a Same Day Funds for securities settlement	X				
6b Same Day Funds for the servicing of securities portfolios	X				
7a A rolling settlement system should be adopted by all markets	X				
7b Final settlement for all trades by T+3	X				
8a Securities lending and borrowing should be encouraged	X				
8b Existing regulatory and taxation barriers should be removed	X				
9a ISO Standard 7775 (Securities messages)	X				
9b ISO Standard 6166 (ISIN numbering system)	X				

Notes

1a Cedel Bank offers pre-settlement matching via ACE nine times a day. It is currently developing and implementing a straight-through processing initiative including on-line real time matching and validation capabilities. Phases 1 and 2 are in production, phase 3 is in development.

1b Once they are matched, trades are automatically available for settlement in the Cedel Bank system.

2 Indirect market participants may be able to receive through their Cedelbank member, depending on the member's capability, an update as to their trade status. Cedelbank will work with the market to improve reporting through its continuous settlement.

3a Categories of direct participants:

Banks, brokers, and other CSD's.

3b Major categories of investment instruments that are not (yet) depository eligible:

With very few exceptions all international issues are accepted in the Cedelbank system, as well as many domestic.

3c All international issues are eligible for dematerialisation. Domestic issues are immobilised according to their eligibility in their individual home markets.

3d Cedelbank and Euroclear operate under similar rules with agreements between them to reduce settlement risk. A large percentage of securities are immobilised at the same depository banks ("common depository") under a jointly agreed contract and operating procedures, and cross counterparty trades are settled through the "Bridge" connecting both ICSD's.

4a Cedelbank is developing a continuous settlement capability planned for 1999. Cedelbank will also work with Euroclear to establish a daytime bridge between the two systems.

4b The current transaction chaining process used by Cedelbank provides a netting capability.

5 Cedelbank is in compliance with the recommendation. DVP settlement is available in over 38 currencies and via efficient settlement links to 33 countries. The vast majority of settlements are on a DVP basis.

6a All internal transactions are on a same day basis. There are, however, several domestic links for which this is not yet currently possible.

6b All payments for servicing securities portfolios are made on a same day basis.

7b Cedelbank provides T+3 settlements under ISMA rules. Settlement on T+0 is also possible because of the daylight processing capability in place at Cedelbank.

8a Cedelbank provides an automated fails lending program that facilitates fails management. Additionally, programs are in place with seven domestic providers for additional liquidity for domestic market transactions.

8b Cedelbank's fails lending program is available for all securities in its system other than equities, except where local market regulations prohibit fails lending.

9b Cedelbank supports ISIN for all securities accepted or eligible within Cedelbank's system and it is the issuing agent for Luxembourg. Jointly with Euroclear it is the issuing agent for international securities.

Euromarket (Euroclear)

Recommendation	Implemented		Planned		
	Yes	No	No	Yes	When?
1a Trade comparisons between direct market participants by T+0	X				
1b Matched trade details should be linked to the settlement system	X				
2 Indirect market participants to achieve affirmation by T+1		X		X	
3a Central depository, broadest possible participation	X				
3b Widest possible range of depository eligible instruments	X				
3c Immobilisation/dematerialisation to the utmost extent possible	X				
3d Compatible rules and practices in case of multiple CSDs	X				
4a Real Time Gross Settlement system		X		X	1999
4b Trade netting system as per "Lamfalussy-Recommendations"		X			
5 Delivery versus Payment (DVP) as defined by ISSA	X				
6a Same Day Funds for securities settlement	X				
6b Same Day Funds for the servicing of securities portfolios	X				
7a A rolling settlement system should be adopted by all markets	X				
7b Final settlement for all trades by T+3	X				
8a Securities lending and borrowing should be encouraged	X				
8b Existing regulatory and taxation barriers should be removed	X				
9a ISO Standard 7775 (Securities messages)	X				
9b ISO Standard 6166 (ISIN numbering system)	X				

Notes

- 1a Book-entry settlement instructions are matched in real time for transactions between Euroclear participants. Matching results of Cedelbank instructions involving a Euroclear participant and a Cedelbank participant, and involving a Euroclear participant and a non-Euroclear-participant, are made available to Euroclear participants on a continuous basis.
- 2 Affirmation takes place outside the Euroclear System between the investor and its execution broker. The investor's custodian and the broker or the broker's settlement agent, match their instructions through the Euroclear System.
- 3a Categories of direct participants:
Banks, brokers/dealers, investment managers, supranationals, central banks, and CSDs.
- 3b Major categories of investment instruments that are not (yet) depository eligible:
The Euroclear system services international securities such as Eurobonds, short- and medium-term notes, GDRs, investment funds, as well as a wide range of domestic debt and equity instruments.
- 3c Securities are immobilised in the Euroclear depository network. Domestic issues may be dematerialised if the specific regulatory environment allows it. All international issues are eligible for dematerialisation.
- 3d The Euroclear System operates under rules designed to protect participants from settlement risk. Bridge transactions between the Euroclear System and Cedelbank facilitate cross-border settlement between participants of each system. Securities in global form are held with the same depositories used by both the Euroclear system and Cedelbank.
- 4a In mid-1999, a real-time settlement capability will be offered. The overnight batch settlement will remain temporarily.
- 5 The Euroclear System provides an automated, simultaneous, and irrevocable exchange of securities versus cash between Euroclear participants in 40 currencies. Transactions over the Bridge with Cedelbank are also settled on a simultaneous DVP basis. Transactions with local markets/CSDs are settled on a DVP basis, if possible under local CSD rules.
- 6a Settlement in the Euroclear System is accomplished by the simultaneous exchange of cash and securities. Local market practice is followed in the settlement of transactions between a Euroclear participant and a local counterparty. Approximately 90% of the Euroclear turnover occurs in major currencies that are available for same-day value. Cash proceeds from a sale can be recycled immediately for the purchase of other securities.
- 7a The Euroclear System provides settlement facilities with a range of settlement periods, from T+0 upwards. For settlement within the Euroclear system, participants decide on the settlement period, including the possibility of settlement on T+0.

FINLAND

Recommendation	Implemented		Planned		
	Yes	No	No	Yes	When?
1a Trade comparisons between direct market participants by T+0	X				
1b Matched trade details should be linked to the settlement system	X				
2 Indirect market participants to achieve affirmation by T+1		X	X		
3a Central depository, broadest possible participation	X				
3b Widest possible range of depository eligible instruments	X				
3c Immobilisation/dematerialisation to the utmost extent possible	X				
3d Compatible rules and practices in case of multiple CSDs	N/A				
4a Real Time Gross Settlement system	X Bonds			X Equities	2000
4b Trade netting system as per "Lamfalussy-Recommendations"	X				
5 Delivery versus Payment (DVP) as defined by ISSA	X				
6a Same Day Funds for securities settlement	X				
6b Same Day Funds for the servicing of securities portfolios	X				
7a A rolling settlement system should be adopted by all markets	X				
7b Final settlement for all trades by T+3	X				
8a Securities lending and borrowing should be encouraged	X				
8b Existing regulatory and taxation barriers should be removed	X				
9a ISO Standard 7775 (Securities messages)	X				
9b ISO Standard 6166 (ISIN numbering system)	X				

Notes

- 1a Due to the fact that the money market and the bond market function as a telephone market, not as an exchange, these trades are matched after the market participants have made the input of the details in APK's system.
- 3a Categories of direct participants:
The State of Finland, the Bank of Finland, credit institutions, investment firms, stock exchanges, clearing houses, other licensed organisations.
- 3b Major categories of investment instruments that are not (yet) depository eligible:
Fund units are eligible according to the law but in practice they are not in APK's system.
- 3c Dematerialisation is still incomplete. The only instruments remaining to be dematerialised are bonds issued by private corporates and some minor government bond issues.
- 4a At present, RTGS can be used only when settling money market instruments and bonds.
- 4b Due to structural changes in Finland, rules are currently being re-written and the "Lamfalussy-Recommendations" will be taken into account during this process.
- 5 The present settlement system for stocks is based on batch processing and has only one settlement cycle per day. The settlement system will be renewed during the next two years and RTGS will be extended to include stocks.

FRANCE

Recommendation	Implemented		Planned			Notes
	Yes	No	No	Yes	When?	
1a Trade comparisons between direct market participants by T+0	X					2 Indirect participants such as banks receive orders from their customers. They are connected to the direct participants and to the national CSD via RELIT. More than 90% of the trades are matched on T+1.
1b Matched trade details should be linked to the settlement system	X					
2 Indirect market participants to achieve affirmation by T+1	X					3a <u>Categories of direct participants:</u> - Banks, brokers, and other financial institutions - Central Securities Depositories, and ICSDs - Issuers
3a Central depository, broadest possible participation	X					
3b Widest possible range of depository eligible instruments	X					3b Treasury bills and short term instruments (CDs and Medium Term Notes) are depository eligible in a different DVP system called SATURNE. Merging will occur in 1998.
3c Immobilisation/dematerialisation to the utmost extent possible	X					
3d Compatible rules and practices in case of multiple CSDs	X					7b French blue chips are traded on the monthly settlement market and can be settled on T+3 if so stipulated by the trade counterparties.
4a Real Time Gross Settlement system	X					
4b Trade netting system as per "Lamfalussy-Recommendations"	X					9a Used between banks but not between the CSD and its participants.
5 Delivery versus Payment (DVP) as defined by ISSA	X					9b 1998 for Certificates of Deposit and Medium Term Notes and later for other securities.
6a Same Day Funds for securities settlement	X					
6b Same Day Funds for the servicing of securities portfolios	X					
7a A rolling settlement system should be adopted by all markets	X					
7b Final settlement for all trades by T+3	X					
8a Securities lending and borrowing should be encouraged	X					
8b Existing regulatory and taxation barriers should be removed	X					
9a ISO Standard 7775 (Securities messages)		X	X			
9b ISO Standard 6166 (ISIN numbering system)	X					

GERMANY

Recommendation	Implemented		Planned		
	Yes	No	No	Yes	When?
1a Trade comparisons between direct market participants by T+0	X				
1b Matched trade details should be linked to the settlement system	X				
2 Indirect market participants to achieve affirmation by T+1	X				
3a Central depository, broadest possible participation	X				
3b Widest possible range of depository eligible instruments	X				
3c Immobilisation/dematerialisation to the utmost extent possible	X				
3d Compatible rules and practices in case of multiple CSDs	N/A				
4a Real Time Gross Settlement system		X		X	End of 1999
4b Trade netting system as per "Lamfalussy-Recommendations"		X			
5 Delivery versus Payment (DVP) as defined by ISSA	X				
6a Same Day Funds for securities settlement	X				
6b Same Day Funds for the servicing of securities portfolios	X				
7a A rolling settlement system should be adopted by all markets	X				
7b Final settlement for all trades by T+3	X				
8a Securities lending and borrowing should be encouraged	X				
8b Existing regulatory and taxation barriers should be removed	X				
9a ISO Standard 7775 (Securities messages)	X				
9b ISO Standard 6166 (ISIN numbering system)	X				end of 2001

Notes

3b Major categories of investment instruments that are not (yet) depository eligible:

Only a small number of securities do not qualify for collective safe custody within Deutsche Börse Clearing AG such as registered securities in physical form, foreign securities and other specific securities issued by German loan and saving banks, corporate banks, etc.

3c Almost 75% of all outstanding German equities and 90% of DEM-denominated fixed income instruments are already immobilised within Deutsche Börse Clearing AG's collective safe custody arrangement.

4a Real time settlement free and against payment is currently offered by Deutsche Börse Clearing AG. The introduction of a real time gross settlement system (RTGS) is scheduled for late 1999. This will further reduce settlement risk and optimise the settlement process.

4b Refer to 4a above. Deutsche Börse Clearing AG currently operates a Model 2 settlement system (securities gross, cash proceeds net) as per the Lamfalussy recommendations.

7a The current settlement process is going to be enhanced as described under 4a.

7b All trades are settled on T+2.

9b The re-numbering process will be finished by the end of 2001. Currently, it is widely implemented by the market participants, but due to the impact on securities services systems, the full implementation will be ongoing until the end of 2001.

GREECE

Recommendation	Implemented		Planned		
	Yes	No	No	Yes	When?
1a Trade comparisons between direct market participants by T+0	X				
1b Matched trade details should be linked to the settlement system	X				
2 Indirect market participants to achieve affirmation by T+1		X		X	Early 1999
3a Central depository, broadest possible participation	X				
3b Widest possible range of depository eligible instruments		X		X	1999
3c Immobilisation/dematerialisation to the utmost extent possible	X			X	Early 1999
3d Compatible rules and practices in case of multiple CSDs	only CSD				
4a Real Time Gross Settlement system	X				
4b Trade netting system as per "Lamfalussy-Recommendations"		X		X	Early 1999
5 Delivery versus Payment (DVP) as defined by ISSA		X		X	Early 1999
6a Same Day Funds for securities settlement	X				
6b Same Day Funds for the servicing of securities portfolios	X				
7a A rolling settlement system should be adopted by all markets	X				
7b Final settlement for all trades by T+3	X				
8a Securities lending and borrowing should be encouraged		X		X	2Q 1999
8b Existing regulatory and taxation barriers should be removed		X			
9a ISO Standard 7775 (Securities messages)		X		X	1999
9b ISO Standard 6166 (ISIN numbering system)	X				

Notes

3c Immobilisation is implemented. Dematerialisation planned.

8a Securities lending is not currently permitted in Greek legislation. A system is planned for the regulated market in the second half of 1999.

HONG KONG

Recommendation	Implemented		Planned		
	Yes	No	No	Yes	When?
1a Trade comparisons between direct market participants by T+0	X				
1b Matched trade details should be linked to the settlement system	X				
2 Indirect market participants to achieve affirmation by T+1	X				
3a Central depository, broadest possible participation	X				
3b Widest possible range of depository eligible instruments	X				
3c Immobilisation/dematerialisation to the utmost extent possible	X				
3d Compatible rules and practices in case of multiple CSDs	N/A				
4a Real Time Gross Settlement system	X				
4b Trade netting system as per "Lamfalussy-Recommendations"	X				
5 Delivery versus Payment (DVP) as defined by ISSA	X Optional				
6a Same Day Funds for securities settlement	X Partial				
6b Same Day Funds for the servicing of securities portfolios	X Partial				
7a A rolling settlement system should be adopted by all markets	X				
7b Final settlement for all trades by T+3	X T+2				
8a Securities lending and borrowing should be encouraged	X				
8b Existing regulatory and taxation barriers should be removed	X				
9a ISO Standard 7775 (Securities messages)		X	X		
9b ISO Standard 6166 (ISIN numbering system)	X				

Notes

2 Not provided on a centralised or standardised basis. Most indirect market participants still use the conventional methods like fax, telex and telephone. Centralised or standardised provision is not considered.

Affirmation among indirect direct participants can be achieved if both parties input their settlement instructions into the Central Clearing and Settlement System (CCASS) for matching on T+1 since the trade will be settled automatically on Settlement Date (unless either party revokes its instruction). However, ultimate investors and fund managers are required to instruct their settlement agents immediately upon execution of trades, otherwise affirmation of trade details on T+1 cannot be achieved.

In the light of the strict T+2 settlement rule as imposed by the Hongkong Clearing, some indirect market participants have been proactively providing optional prematching on T+1 with those counterparties willing to perform the pre-matching.

3a Categories of direct participants:

There are six types of CCASS participants - broker, custodian, stock lender, stock pledgee, and clearing agency and individual and corporate investors.

3b Major categories of investment instruments that are not (yet) depository eligible:

Unit trusts and foreign currency (non-Hong Kong Dollar) securities, derivatives.

3c Presently, 49 % of share quantities of issued stocks are immobilised in the depository.

4a With effect from May 1998 RTGS can be used for settling securities transactions.

5 Securities settled are subject to being held until confirmation of irrevocable good funds on T+3.

CCASS is a DVP system. Securities settlement will take place at 12:30, 14:30 and 15:45. At 18:00 CCASS will generate an electronic cash payment instruction to the designated banks of the CCASS participants. Cash settlement can only be confirmed at 10:30 on the next business day. CCASS participants can, when inputting settlement instructions, opt for RTGS.

Hong Kong Securities Clearing Company Limited (HKSCC) introduced Realtime DVP (RDP) as a further option for settlement in addition to the existing DVP and FOP settlement modes which has become effective May 8, 1998. Under the new RDP system, simultaneous, final, irrevocable and immediately available exchange of securities and cash on a continuous basis throughout the settlement day.

6 For securities settlement under normal DVP mode, money settlement is subject to bank cash clearing overnight, which is next day settlement, with value backdated (see also point 5). For RTGS it is real time, simultaneous, final and irrevocable.

9a Most international banks are able to accept trade instructions and issue advises/statements related to securities transactions in SWIFT standard format.

HUNGARY

Recommendation	Implemented		Planned		
	Yes	No	No	Yes	When?
1a Trade comparisons between direct market participants by T+0	X				
1b Matched trade details should be linked to the settlement system	X				
2 Indirect market participants to achieve affirmation by T+1		X			
3a Central depository, broadest possible participation	X				
3b Widest possible range of depository eligible instruments	X				
3c Immobilisation/dematerialisation to the utmost extent possible	X				
3d Compatible rules and practices in case of multiple CSDs	N/A				
4a Real Time Gross Settlement system		X		X	1999
4b Trade netting system as per "Lamfalussy-Recommendations"	X				
5 Delivery versus Payment (DVP) as defined by ISSA	X				
6a Same Day Funds for securities settlement		X		X	1999
6b Same Day Funds for the servicing of securities portfolios		X			
7a A rolling settlement system should be adopted by all markets	X				
7b Final settlement for all trades by T+3		X		X	
8a Securities lending and borrowing should be encouraged	X				
8b Existing regulatory and taxation barriers should be removed	X				
9a ISO Standard 7775 (Securities messages)	X				
9b ISO Standard 6166 (ISIN numbering system)	X				

Notes

- 2 Neither the stock exchange nor the clearing house provide trade confirmation services for indirect market participants. It is up to the brokers to provide trade confirmations/affirmations as soon as possible.
- 3a Categories of direct participants:
Central Bank, banks, brokers, issuers, CSDs, ICSDs.
- 3b Major categories of investment instruments that are not (yet) depository eligible:
Commercial paper, money market instruments.
- 5 Real DVP applies to direct clearing members only.
- 8a KELER operates an automatic government securities lending and borrowing system in order to assure settlement of exchange trades in government securities. The service is expected to be widened to corporate securities in 1999.

INDIA

Recommendation	Implemented		Planned			Notes
	Yes	No	No	Yes	When?	
1a Trade comparisons between direct market participants by T+0	X					
1b Matched trade details should be linked to the settlement system	X					
2 Indirect market participants to achieve affirmation by T+1		X				
3a Central depository, broadest possible participation		X		X		
3b Widest possible range of depository eligible instruments	X					
3c Immobilisation/dematerialisation to the utmost extent possible	X			X		
3d Compatible rules and practices in case of multiple CSDs	X			X		
4a Real Time Gross Settlement system		X				
4b Trade netting system as per "Lamfalussy-Recommendations"		X				
5 Delivery versus Payment (DVP) as defined by ISSA		X				
6a Same Day Funds for securities settlement	X					
6b Same Day Funds for the servicing of securities portfolios		X		X		
7a A rolling settlement system should be adopted by all markets		X				
7b Final settlement for all trades by T+3		X				
8a Securities lending and borrowing should be encouraged		X				
8b Existing regulatory and taxation barriers should be removed	X					
9a ISO Standard 7775 (Securities messages)		X	X			
9b ISO Standard 6166 (ISIN numbering system)	X					

Notes

- 2 The contract note confirming the trade is received from the broker on trade date. However, custodians receive instructions by T+2 from their clients only.
- 3a The Depository Act in India provides for multiple depositories. One depository was established in 1996. Its participants are:
Reserve Bank of India (RBI), public financial institutions, scheduled banks, approved foreign banks operating in India, certified custodians of securities, clearing corporations of stock exchanges, registered stock brokers, non banking financial companies.
- 3b Major categories of investment instruments that are not (yet) depository eligible:
Money market instruments.
- 3c The Depository Act provides for dematerialisation. So far, 215 top companies have opted for it and there are many more coming in.
- 3d The Depository Act provides for multiple depositories. So far, only one depository is functional and has drafted operating rules but a second will be operational soon.
- 6a For trades on the NSCCL BE segment (NSDL stocks).
- 7 Rolling settlement is currently only available on the NSCCL BE.
- 8a The stock lending scheme called the Securities Lending Scheme, 1997 was announced by the Securities & Exchange Board of India. The 18 point scheme is effective from February 6, 1997. The Stock Holding Corporation of India (SHCIL) has constituted a committee which is mandated to lay down the rules for the scheme.
- 8b The Central Board of Direct Taxes (CBDT) has, in clarification, said that the lending of shares or any other securities under the Securities Lending Scheme would not result in "transfer" for the purpose of invoking the provisions relating to capital gains under the Income Tax Act.
- 9b ISIN's have been issued by The Securities and Exchange Board of India (SEBI) for 5'000 stocks.

INDONESIA

Recommendation	Implemented		Planned		
	Yes	No	No	Yes	When?
1a Trade comparisons between direct market participants by T+0	X				
1b Matched trade details should be linked to the settlement system	X				
2 Indirect market participants to achieve affirmation by T+1		X		X	early 2000
3a Central depository, broadest possible participation		X		X	early 2000
3b Widest possible range of depository eligible instruments		X		X	early 2000
3c Immobilisation/dematerialisation to the utmost extent possible		X		X	early 2000
3d Compatible rules and practices in case of multiple CSDs		X	X		
4a Real Time Gross Settlement system				X	
4b Trade netting system as per "Lamfalussy-Recommendations"	X			X	end of 1997
5 Delivery versus Payment (DVP) as defined by ISSA	X				
6a Same Day Funds for securities settlement	X				
6b Same Day Funds for the servicing of securities portfolios	X				
7a A rolling settlement system should be adopted by all markets	X				
7b Final settlement for all trades by T+3		X	X		
8a Securities lending and borrowing should be encouraged		X		X	early 2000
8b Existing regulatory and taxation barriers should be removed	X				
9a ISO Standard 7775 (Securities messages)		X		X	
9b ISO Standard 6166 (ISIN numbering system)	X				

Notes

- 2 The affirmation for indirect market participants is done through the institutional delivery function, after the Indonesian Central Securities Depository implement the book-entry settlement system.
- 3 Implementation after the Indonesian Securities Central Depository and the Indonesian Clearing and Guarantee Corporation finalise the preparation for book-entry settlement system.
- 4b A trade netting system is in place and is operated and managed by PT KDEI.
- 6 This has been partially implemented since same day value is only possible for transactions executed in amounts greater than IDR 1.0 billion and submitted for clearing in the first session.
- 7b Equity instruments: T+4 for sales, T+4/5 for purchases. Rolling Settlement on T+3 is planned.
Debt instruments: T+2
- 8a Refer to remark 3
- 9a Refer to remark 3

ITALY

Recommendation	Implemented		Planned			Notes
	Yes	No	No	Yes	When?	
1a Trade comparisons between direct market participants by T+0	X					
1b Matched trade details should be linked to the settlement system	X					
2 Indirect market participants to achieve affirmation by T+1	X					
3a Central depository, broadest possible participation	X					
3b Widest possible range of depository eligible instruments	X					
3c Immobilisation/dematerialisation to the utmost extent possible	X					
3d Compatible rules and practices in case of multiple CSDs	X					
4a Real Time Gross Settlement system		X		X	1999	
4b Trade netting system as per "Lamfalussy-Recommendations"	X					
5 Delivery versus Payment (DVP) as defined by ISSA		X		X	1999	
6a Same Day Funds for securities settlement	X					
6b Same Day Funds for the servicing of securities portfolios	X					
7a A rolling settlement system should be adopted by all markets	X					
7b Final settlement for all trades by T+3	X	X		X	open	
8a Securities lending and borrowing should be encouraged	X					
8b Existing regulatory and taxation barriers should be removed	X					
9a ISO Standard 7775 (Securities messages)	X					
9b ISO Standard 6166 (ISIN numbering system)	X					

Notes

2 It is mandatory for each direct participant to give positive affirmation of trade details on T+1 to indirect participants but there is no standard method for its transmission. Each intermediary can use its own communication system.

3a Categories of direct participants:

At the moment, direct participants are Italian banks, investment firms, and stock brokers. The new regulation for the implementation of law no. 289/86 approved in January 1997, extended direct participation to both EU and extra EU banks, investment firms and CSDs.

3b Major categories of investment instruments that are not (yet) depository eligible:
none

4a RTGS for government securities transactions is going to be introduced this year.

5 DVP as defined by ISSA is not implemented.

Transactions which are matched in the clearing house procedure through the electronic market matching system (RRG) are matched on a trade-by-trade basis for both the securities and the corresponding cash movements. A failure of a match on either side of the transaction will result in the trade being rejected from the RRG system. Trades which are eventually settled, therefore must have both the cash and securities sides in complete agreement between the counterparts. The actual settlement is accounted for by the Bank of Italy as net movements between counterparts, representing the total of all individually matched transactions. Although the net cash and securities movements are not simultaneous, the Bank of Italy, with its responsibility for the clearing system, guarantees that for all securities movements which are accounted for, the corresponding cash movement will also be accounted for. The result is effectively a net DVP basis.

7b T+3 settlement has been introduced for government and corporate bonds. The introduction of T+3 for shares is foreseen by the authorities but no detailed planning has been done yet. Equities currently settle on T+5. Monte Titoli is implementing a securities DVP-RTGS system that is expected to be ready for the second half of 1999.

9a ISO standard 7775 is implemented. All securities messages sent to clients are ISO compliant.

JAPAN

Recommendation	Implemented		Planned			Notes
	Yes	No	No	Yes	When?	
1a Trade comparisons between direct market participants by T+0	X					2 There is a trade comparison system called "First System". It is used mainly between securities companies and trust banks. However, participation is limited to securities companies, trust banks and investment trust companies. JASDEC is examining the possibility of employing a trade affirmation system in the near future.
1b Matched trade details should be linked to the settlement system	X					
2 Indirect market participants to achieve affirmation by T+1		X				3a <u>Categories of direct participants:</u> Securities companies, banks, insurance companies, securities finance companies, stock exchanges, stock transfer agents.
3a Central depository, broadest possible participation	X					
3b Widest possible range of depository eligible instruments						3b <u>Major categories of investment instruments that are not (yet) depository eligible:</u> Subscription rights, warrants, corporate debt securities. Currently, the following types of securities are depository eligible: stocks (in JASDEC); Government Bonds (Bank of Japan) companies. JASDEC is planning to extend eligibility to convertible bonds in the near future.
3c Immobilisation/dematerialisation to the utmost extent possible	X					
3d Compatible rules and practices in case of multiple CSDs	X					As a clearing agent, Japan Securities Clearing Corporation (JSCC) provides book-entry settlement for subscription rights, convertible bonds and foreign stocks.
4a Real Time Gross Settlement system		X		X	2000	
4b Trade netting system as per "Lamfalussy-Recommendations"		X				3c As of July 1998, JASDEC holds 24.9% of all outstanding shares. 27.3% of the volume held by JASDEC is dematerialised.
5 Delivery versus Payment (DVP) as defined by ISSA		X		X	2000	
6a Same Day Funds for securities settlement	X					3d There exist several depositories, each one specialised in certain categories of securities.
6b Same Day Funds for the servicing of securities portfolios	X					4a The bank of Japan is planning to introduce RTGS for government bonds in 2000.
7a A rolling settlement system should be adopted by all markets	X					5 In July 1998, the Tokyo Stock Exchange decided to introduce a DVP system (Delivery versus payment) by the end of the fiscal year 2000 in accordance with global efforts to minimise settlement risk.
7b Final settlement for all trades by T+3	X					
8a Securities lending and borrowing should be encouraged	X					9 Although ISIN codes have been adopted by the stock exchanges, they are mainly used for international communication (between domestic custodians and non-resident investors). Domestically, the so-called QUICK codes are widely used.
8b Existing regulatory and taxation barriers should be removed	X					
9a ISO Standard 7775 (Securities messages)	X					
9b ISO Standard 6166 (ISIN numbering system)	X					

KOREA

Recommendation	Implemented		Planned		
	Yes	No	No	Yes	When?
1a Trade comparisons between direct market participants by T+0	X				
1b Matched trade details should be linked to the settlement system	X				
2 Indirect market participants to achieve affirmation by T+1	X				
3a Central depository, broadest possible participation	X				
3b Widest possible range of depository eligible instruments	X				
3c Immobilisation/dematerialisation to the utmost extent possible	X				
3d Compatible rules and practices in case of multiple CSDs	N/A				
4a Real Time Gross Settlement system		X		X	1Q 1999
4b Trade netting system as per "Lamfalussy-Recommendations"	X				
5 Delivery versus Payment (DVP) as defined by ISSA	X				
6a Same Day Funds for securities settlement	X				
6b Same Day Funds for the servicing of securities portfolios	X				
7a A rolling settlement system should be adopted by all markets	X				
7b Final settlement for all trades by T+3	X				
8a Securities lending and borrowing should be encouraged	X				
8b Existing regulatory and taxation barriers should be removed	X				
9a ISO Standard 7775 (Securities messages)		X	X		
9b ISO Standard 6166 (ISIN numbering system)	X				

Notes

- 2 The Institutional Affirmation and Settlement System (INAS), introduced in 1990, is designed to link all parties in institutional transactions. The system helps to eliminate redundant processing by settling institutional transactions by book-entry and providing a trade comparison procedure, further co-ordinating the many activities leading up to the final settlement:
- T+0: Securities companies (brokers) report to KSD the trade details of institutional investors including their entrustment account number with member securities companies, trade date, settlement date, classification of each transaction, name of issue, quantity, price, trading value, and securities transaction tax.
- T+1: KSD notifies institutional investors of trade confirmations based on the trade data provided by the executing securities companies. Institutional investors send affirmations to the KSD.
- If any discrepancy is found, the institutional investor instructs the executing securities house to correct the trade data. Upon correction, the securities house reports to the KSD. Then the KSD finally recalculates all trade details and re-sends the corrected trade confirmation to the institutional investor.
- Under this procedure, settlement of transactions affirmed by institutions, if not opposed by securities companies, is deemed to be entrusted to the KSD. The KSD sends each executing securities house a preliminary settlement statement.
- Sub-custodians acting on behalf of foreign institutional investors do not affirm trades through the INAS system with direct participants.
- 3a Categories of direct participants:
Brokers/dealers, banks, insurance companies, market related organisations, institutional investors, foreign CSDs, clearing houses, custodians, other categories the KSD may deem necessary
- 3b Major categories of investment instruments that are not (yet) depository eligible:
None. KSD designates eligible securities. All kinds of securities are categorised as eligible.
- 4a Currently most bond transactions take place over the counter being settled outside the CSD system. Transaction on the KSE and the KOSDAQ are settled on a multilateral netting basis (under the Lamfalussy Standard). However, a linkage between the KSD system and the BOK-Wire of the Bank of Korea is now under construction, which will be in operation within the first quarter of 1999. The linkage will materialise DVP on an RTGS basis for settling bonds transactions over the counter.
- 7b Standard settlement is T+2 for all instruments.
- 8 Stock lending has been operated since September 1996. Bonds were added to the facility in September 1998. As from July 1998 foreign investors may participate in the securities lending facility.

LATVIA

Recommendation	Implemented		Planned		
	Yes	No	No	Yes	When?
1a Trade comparisons between direct market participants by T+0	X				
1b Matched trade details should be linked to the settlement system	X				
2 Indirect market participants to achieve affirmation by T+1	X				
3a Central depository, broadest possible participation	X				
3b Widest possible range of depository eligible instruments	X				
3c Immobilisation/dematerialisation to the utmost extent possible	X				
3d Compatible rules and practices in case of multiple CSDs					
4a Real Time Gross Settlement system	X				
4b Trade netting system as per "Lamfalussy-Recommendations"		X			
5 Delivery versus Payment (DVP) as defined by ISSA	X				
6a Same Day Funds for securities settlement	X				
6b Same Day Funds for the servicing of securities portfolios	X				
7a A rolling settlement system should be adopted by all markets	X				
7b Final settlement for all trades by T+3	X				
8a Securities lending and borrowing should be encouraged	X				
8b Existing regulatory and taxation barriers should be removed	X				
9a ISO Standard 7775 (Securities messages)	X				
9b ISO Standard 6166 (ISIN numbering system)	X				

Notes

3d Not applicable: there is only one CSDs in Latvia

8a LCD established a securities lending system in November 1998, offering "borrowing on demand" for participants. An automated system is planned.

LITHUANIA

Recommendation	Implemented		Planned			Notes
	Yes	No	No	Yes	When?	
1a Trade comparisons between direct market participants by T+0						* recommendations implemented but not fully standardised.
1b Matched trade details should be linked to the settlement system	X*					1b Matching is executed for SE block trades and OTC transactions.
2 Indirect market participants to achieve affirmation by T+1	X*					2 Indirect market participants receive trade affirmation by T+1.
3a Central depository, broadest possible participation	X					3 The CSDL operates with a wide range of instruments and participants.
3b Widest possible range of depository eligible instruments						4b The NSEL computerised system provides multilateral netting.
3c Immobilisation/dematerialisation to the utmost extent possible						5 DVP is ensured by final transfers executed by CSDL and Clearing bank (The Bank of Lithuania) at the end of accounting day.
3d Compatible rules and practices in case of multiple CSDs						6 "Same day" funds convention is applied for all types of instruments and markets.
4a Real Time Gross Settlement system						7 Rolling settlement for central market trades is adopted. Final settlement occurs on T+3 for equities and on T+1 for T-bills.
4b Trade netting system as per "Lamfalussy-Recommendations"	X					8 Securities lending/borrowing has been introduced.
5 Delivery versus Payment (DVP) as defined by ISSA	X					9b ISIN numbering is used for all types of instruments and markets.
6a Same Day Funds for securities settlement	X					
6b Same Day Funds for the servicing of securities portfolios	X					
7a A rolling settlement system should be adopted by all markets	X					
7b Final settlement for all trades by T+3	X					
8a Securities lending and borrowing should be encouraged	X*					
8b Existing regulatory and taxation barriers should be removed						
9a ISO Standard 7775 (Securities messages)						
9b ISO Standard 6166 (ISIN numbering system)	X					

LUXEMBOURG

Recommendation	Implemented		Planned		
	Yes	No	No	Yes	When?
1a Trade comparisons between direct market participants by T+0	X				
1b Matched trade details should be linked to the settlement system	X				
2 Indirect market participants to achieve affirmation by T+1		X			
3a Central depository, broadest possible participation	X				
3b Widest possible range of depository eligible instruments	X				
3c Immobilisation/dematerialisation to the utmost extent possible	X				
3d Compatible rules and practices in case of multiple CSDs	N/A				
4a Real Time Gross Settlement system		X		X	1999
4b Trade netting system as per "Lamfalussy-Recommendations"		X	X		
5 Delivery versus Payment (DVP) as defined by ISSA	X				
6a Same Day Funds for securities settlement	X				
6b Same Day Funds for the servicing of securities portfolios	X				
7a A rolling settlement system should be adopted by all markets	X				
7b Final settlement for all trades by T+3	X				
8a Securities lending and borrowing should be encouraged	X				
8b Existing regulatory and taxation barriers should be removed	X				
9a ISO Standard 7775 (Securities messages)	X				
9b ISO Standard 6166 (ISIN numbering system)	X				

Notes

3a Categories of direct participants:

Banks, brokers

3b Major categories of investment instruments that are not (yet) depository eligible:

options, futures

5 Not continuous.

MALAYSIA

Recommendation	Implemented		Planned		
	Yes	No	No	Yes	When?
1a Trade comparisons between direct market participants by T+0	X				
1b Matched trade details should be linked to the settlement system	X				
2 Indirect market participants to achieve affirmation by T+1	X				
3a Central depository, broadest possible participation	X				
3b Widest possible range of depository eligible instruments	X				
3c Immobilisation/dematerialisation to the utmost extent possible	X				
3d Compatible rules and practices in case of multiple CSDs	N/A				
4a Real Time Gross Settlement system		X			
4b Trade netting system as per "Lamfalussy-Recommendations"	X				
5 Delivery versus Payment (DVP) as defined by ISSA		X		X	
6a Same Day Funds for securities settlement	X				
6b Same Day Funds for the servicing of securities portfolios	X				
7a A rolling settlement system should be adopted by all markets	X				
7b Final settlement for all trades by T+3		X		X	
8a Securities lending and borrowing should be encouraged		X*		X**	
8b Existing regulatory and taxation barriers should be removed		X*		X**	
9a ISO Standard 7775 (Securities messages)		X	X		
9b ISO Standard 6166 (ISIN numbering system)	X				

Notes

* Currently suspended since August 1997

** Will be re-introduced when market conditions are right.

3a Categories of direct participants:

Stock Exchange, Central Bank, domestic banks, domestic brokers, domestic pension funds, domestic unit trust companies, domestic and foreign individual investors.

3b Major categories of investment instruments that are not (yet) depository eligible:

None. All equity and debt instruments are eligible.

3c All exchange listed equity issues are immobilised. The immobilisation of debt instruments is planned. Some government debt is scripless.

4b BIS Model 2 settlement (securities gross, countervalue net)

6a Same day funds for interbank payments exceeding MYR 50,000. Smaller payments by check.

7b Standard settlement is T+5 for all trades at the Kuala Lumpur Stock Exchange among member companies of the KLSE. Scripless government debt instruments settle on T+1.

MEXICO

Recommendation	Implemented		Planned			Notes
	Yes	No	No	Yes	When?	
1a Trade comparisons between direct market participants by T+0		X				1a There is not formal trade matching for all participants.
1b Matched trade details should be linked to the settlement system	X					3a <u>Categories of direct participants:</u> Broker-dealers, banks, insurance companies, bonding companies, mutual funds, pension funds, foreign financial institutions, others upon approval by the Ministry of Finance.
2 Indirect market participants to achieve affirmation by T+1		X				3b <u>Major categories of investment instruments that are not (yet) depository eligible:</u> All instruments traded, either at the Stock Exchange or over the counter, are eligible.
3a Central depository, broadest possible participation	X					4a Settlement of equities takes place on T+2. Fixed income securities usually settle on T+1, however, they may also settle on T+0 or on T+2. Settlement for both fixed income and equity securities is done via book entry at the central securities depository clearing house (SD INDEVAL's system).
3b Widest possible range of depository eligible instruments	X					4b Security settlement for equity securities between investor and broker is on a gross basis.
3c Immobilisation/dematerialisation to the utmost extent possible	X					5 All securities are settled in a DVP environment at SD INDEVAL. The DVP system works on a gross securities, net cash basis (DVP Model 2 of the Bank of International Settlement). The net cash balances of the intermediaries are settled through clearing banks at the Central Bank. All SD INDEVAL settlements are final since the cash obligations of the intermediaries are supported by collateralised credit lines given by the Central Bank.
3d Compatible rules and practices in case of multiple CSDs	N/A					7 Exchange traded issues settle on T+2. Government and bank issues settle on T or T+1.
4a Real Time Gross Settlement system		X				7b The standard is met but (as stated above) settlement occurs on T+2 or before.
4b Trade netting system as per "Lamfalussy-Recommendations"		X				8b Although securities lending is allowed and there are no regulatory barriers per se, there are in fact some taxation problems that hinder the development of the market.
5 Delivery versus Payment (DVP) as defined by ISSA		X				9a ISO standard 7775 is not in use by all market participants, although the major participants including custodian banks are using it.
6a Same Day Funds for securities settlement	X					9b Applicable for all instruments.
6b Same Day Funds for the servicing of securities portfolios	X					
7a A rolling settlement system should be adopted by all markets	X					
7b Final settlement for all trades by T+3	X					
8a Securities lending and borrowing should be encouraged	X					
8b Existing regulatory and taxation barriers should be removed		X				
9a ISO Standard 7775 (Securities messages)	X					
9b ISO Standard 6166 (ISIN numbering system)	X					

THE NETHERLANDS

Recommendation	Implemented		Planned			Notes
	Yes	No	No	Yes	When?	
1a Trade comparisons between direct market participants by T+0	X					1a The stock market of Amsterdam Exchanges NV (AEX-Effectenbeurs NV) confirms trades to seaholders on T+0 via on-line Trade Support System links. This confirmation is intended for trade comparison purposes, and is provided via terminal screens and hardcopy printout. The trade support system is directly linked to AEX-Effectenclearing BV (AEX-Effectenclearing). AEX-Effectenclearing also sends out trade confirmations to its clearing members on T+0. If a confirmation is not challenged, the trade is considered done. If a confirmation is rejected by an AEX-Effectenbeurs seaholder, it can be amended with the consent of the AEX-Effectenbeurs Quotations Officer.
1b Matched trade details should be linked to the settlement system	X					
2 Indirect market participants to achieve affirmation by T+1	X					2 The on-line Trade Support System allows instantaneous processing of data relating to executed transactions. The information can be used by direct market participants on behalf of their clients immediately (i.e. on T+0).
3a Central depository, broadest possible participation	X					
3b Widest possible range of depository eligible instruments	X					3b <u>Major categories of investment instruments that are not (yet) depository eligible:</u> Implemented, except for the outstanding premium bonds, which are due for redemption no later than in 2002.
3c Immobilisation/dematerialisation to the utmost extent possible	X					
3d Compatible rules and practices in case of multiple CSDs	N/A					3c Immobilisation is more or less complete. Dematerialisation is optional; the issuer may make his own choice.
4a Real Time Gross Settlement system	X					
4b Trade netting system as per "Lamfalussy-Recommendations"	X					5 DVP is applicable in the context of the ISSA's definition.
5 Delivery versus Payment (DVP) as defined by ISSA	X					
6a Same Day Funds for securities settlement	X					5 DVP is applicable in the context of the ISSA's definition.
6b Same Day Funds for the servicing of securities portfolios	X					
7a A rolling settlement system should be adopted by all markets	X					
7b Final settlement for all trades by T+3	X					
8a Securities lending and borrowing should be encouraged	X					
8b Existing regulatory and taxation barriers should be removed	X					
9a ISO Standard 7775 (Securities messages)	X					
9b ISO Standard 6166 (ISIN numbering system)	X					

NEW ZEALAND

Recommendation	Implemented		Planned			Notes
	Yes	No	No	Yes	When?	
1a Trade comparisons between direct market participants by T+0	X					
1b Matched trade details should be linked to the settlement system	X					
2 Indirect market participants to achieve affirmation by T+1	X					2 Indirect Market participants receive affirmation of trades on T+0 or T+1, and generally match and affirm trades details by telephone on value date -1. FASTER and Austraclear both allow trades to be matched electronically.
3a Central depository, broadest possible participation	X					3a <u>Categories of direct participants:</u> All domestic and foreign: Central banks, banks, stock exchanges, brokers, mutual funds, individual investors.
3b Widest possible range of depository eligible instruments	X					3b <u>Major categories of investment instruments that are not (yet) depository eligible:</u> None - all domestic equity, corporate and public debt and money market instruments are eligible.
3c Immobilisation/dematerialisation to the utmost extent possible	X					3c The market is fully dematerialised.
3d Compatible rules and practices in case of multiple CSDs	N/A					
4a Real Time Gross Settlement system	X					4a The Central Bank's Austraclear New Zealand System is the only system that offers true DVP. Participants have the ability to trade continuously during the day due to debit caps guaranteed by participant banks. Each trade is handled individually with funds and stock transferring irrevocably and contemporaneously. At Austraclear end of day, net cash is debited/credited to participants' bank accounts.
4b Trade netting system as per "Lamfalussy-Recommendations"	X					FASTER has a similar process running within the system but there is no banks' debit cap guaranteeing funds to a specified limit. New Zealand Stock Exchange (NZSE) has an Austraclear account to which all brokers must apply part of their Austraclear debit cap each day. This has the effect of splitting their debit caps between Stock Exchange requirements and other market participants. NZSE, within FASTER, matches trades and transfers stock electronically during the day. At FASTER end of day, a schedule of payments/deposits is produced and entered by the Stock Exchange into their Austraclear account. At Austraclear end of day, funds are transferred irrevocably into/out of brokers' bank accounts.
5 Delivery versus Payment (DVP) as defined by ISSA	X					
6a Same Day Funds for securities settlement	X					
6b Same Day Funds for the servicing of securities portfolios	X					
7a A rolling settlement system should be adopted by all markets	X					
7b Final settlement for all trades by T+3		X		X	Apr 1999	
8a Securities lending and borrowing should be encouraged	X					7b FASTER average settlement time is 1.9 days. Both FASTER and Austraclear systems are capable of settlement in any time from T+0 to T+3. The current regular settlement cycle is T+5. T+3 will be effective from 1 April 1999.
8b Existing regulatory and taxation barriers should be removed		X				8a Borrowing and lending is practised in the bond market. In the equity market, it is increasingly used with borrowing from offshore custody clients.
9a ISO Standard 7775 (Securities messages)		X		X	1999	8b Borrowing and lending transactions among domestic participants are considered equivalent to purchase and sale, the differential of which is a taxable event. There is no legislation pertaining to securities lending so it is not restricted. It is, however, discouraged by current tax regulation.
9b ISO Standard 6166 (ISIN numbering system)	X					9a FASTER and Austraclear message formats do not conform to ISO 7775; however, SWIFT interfaces are planned for both systems.

NORWAY

Recommendation	Implemented		Planned			Notes
	Yes	No	No	Yes	When?	
1a Trade comparisons between direct market participants by T+0	X					
1b Matched trade details should be linked to the settlement system	X	X	X			1b Matched trade details are linked to the settlement system for derivatives, but not for equities and bonds. A new matching is done towards direct market participants in the settlement system.
2 Indirect market participants to achieve affirmation by T+1		X		X	1999	2 Matching of trade details is optionally performed by banks and brokers. VPS will offer affirmation/confirmation services during 1999.
3a Central depository, broadest possible participation	X					3a <u>Categories of direct participants:</u> Banks, brokers, bond issuing companies, mutual funds
3b Widest possible range of depository eligible instruments	X					3b <u>Major categories of investment instruments that are not (yet) depository eligible:</u> None
3c Immobilisation/dematerialisation to the utmost extent possible	X					3c All instruments registered in VPS are dematerialised.
3d Compatible rules and practices in case of multiple CSDs	N/A					3d There is only one CSD in Norway, namely the VPS.
4a Real Time Gross Settlement system		X		X	2001	4 It is planned to implement a combined RTGS and trade netting system within 2001. An agreement has been made between the CSDs in Sweden, Denmark and Norway within this timeframe to make a pre-study of a joint system.
4b Trade netting system as per "Lamfalussy-Recommendations"		X		X	2001	4b See 4a. The system is planned to follow the Lamfalussy recommendations.
5 Delivery versus Payment (DVP) as defined by ISSA		X		X	2001	5 See 4a. The new content of this recommendation will be incorporated in the new system.
6a Same Day Funds for securities settlement	X					8a Plans exist for expanding a borrowing and lending system to assist settlement for all types of securities in an automatic, pool-based, settlement connected system.
6b Same Day Funds for the servicing of securities portfolios	X					8b Regulatory barriers removed as from January 1, 1997. Taxation barriers concerning domestic investors are still in force, however, at present under consideration of the authorities.
7a A rolling settlement system should be adopted by all markets	X					9a The custodian banks have implemented SWIFT standards for communication with foreign clients today. In connection with the new system, see 4a, use of the ISO 7775 will be incorporated. ISO standard 10962 (CFI codes) has also been implemented.
7b Final settlement for all trades by T+3	X					
8a Securities lending and borrowing should be encouraged	X			X	1999	
8b Existing regulatory and taxation barriers should be removed	X					
9a ISO Standard 7775 (Securities messages)		X		X	2001	
9b ISO Standard 6166 (ISIN numbering system)	X					

PAKISTAN

Recommendation	Implemented		Planned		
	Yes	No	No	Yes	When?
1a Trade comparisons between direct market participants by T+0	X				
1b Matched trade details should be linked to the settlement system		X	X		
2 Indirect market participants to achieve affirmation by T+1		X	X		
3a Central depository, broadest possible participation	X				
3b Widest possible range of depository eligible instruments	X				
3c Immobilisation/dematerialisation to the utmost extent possible	X				
3d Compatible rules and practices in case of multiple CSDs	N/A				
4a Real Time Gross Settlement system		X	X		
4b Trade netting system as per "Lamfalussy-Recommendations"	X				
5 Delivery versus Payment (DVP) as defined by ISSA	X				
6a Same Day Funds for securities settlement	X				
6b Same Day Funds for the servicing of securities portfolios		X			
7a A rolling settlement system should be adopted by all markets		X	X		
7b Final settlement for all trades by T+3		X	X		
8a Securities lending and borrowing should be encouraged		X	X		
8b Existing regulatory and taxation barriers should be removed		X	X		
9a ISO Standard 7775 (Securities messages)	X				
9b ISO Standard 6166 (ISIN numbering system)	X				

Notes

- 3 There is only one Central Depository in Pakistan (Central Depository Company - CDC). Participants to the CDC include members of the stock exchanges, custodian banks and issuer companies' registrars or transfer agents. Top securities on the stock exchanges in terms of daily turnover are already eligible on the CDC, whereas the remaining securities are expected to be eligible by June 1999.

PERU

Recommendation	Implemented		Planned		
	Yes	No	No	Yes	When?
1a Trade comparisons between direct market participants by T+0	X				
1b Matched trade details should be linked to the settlement system	X				
2 Indirect market participants to achieve affirmation by T+1		X			
3a Central depository, broadest possible participation	X				
3b Widest possible range of depository eligible instruments	X				
3c Immobilisation/dematerialisation to the utmost extent possible	X				
3d Compatible rules and practices in case of multiple CSDs	X				
4a Real Time Gross Settlement system		X			
4b Trade netting system as per "Lamfalussy-Recommendations"	X				
5 Delivery versus Payment (DVP) as defined by ISSA		X			
6a Same Day Funds for securities settlement	X				
6b Same Day Funds for the servicing of securities portfolios		X			
7a A rolling settlement system should be adopted by all markets	X				
7b Final settlement for all trades by T+3	X				
8a Securities lending and borrowing should be encouraged	X				
8b Existing regulatory and taxation barriers should be removed	X				
9a ISO Standard 7775 (Securities messages)		X			
9b ISO Standard 6166 (ISIN numbering system)	X				

Notes

- 3a Categories of direct participants:
Domestic banks, brokers, mutual funds, unit trust companies
- 3b Major categories of investment instruments that are not (yet) depository eligible:
None. All traded instruments are eligible.
- 4 BIZ Model 2 system in place (shares gross, cash net).
- 4b Security settlement between investor and broker is on a gross basis.
- 5 Exchange on the same day, but not simultaneous.
- 6a Yes, but it is not due to a regulation, but agreement between market participants.
- 6b Same day funds only for settlement of trades, not for corporate actions.
- 8a Securities lending encouraged but not currently available.
- 9a SWIFT messages are in the process of being implemented.

PHILIPPINES

Recommendation	Implemented		Planned			Notes
	Yes	No	No	Yes	When?	
1a Trade comparisons between direct market participants by T+0	X					5 A DVP system is currently being tested with SCCP. 7b T+4
1b Matched trade details should be linked to the settlement system	X					
2 Indirect market participants to achieve affirmation by T+1	X					
3a Central depository, broadest possible participation	X					
3b Widest possible range of depository eligible instruments		X		X	1999	
3c Immobilisation/dematerialisation to the utmost extent possible	X					
3d Compatible rules and practices in case of multiple CSDs	only CSD					
4a Real Time Gross Settlement system		X	X			
4b Trade netting system as per "Lamfalussy-Recommendations"		X	X			
5 Delivery versus Payment (DVP) as defined by ISSA		X		X	1999	
6a Same Day Funds for securities settlement	X					
6b Same Day Funds for the servicing of securities portfolios	X					
7a A rolling settlement system should be adopted by all markets		X	X			
7b Final settlement for all trades by T+3		X				
8a Securities lending and borrowing should be encouraged		X		X		
8b Existing regulatory and taxation barriers should be removed		X		X		
9a ISO Standard 7775 (Securities messages)		X	X			
9b ISO Standard 6166 (ISIN numbering system)		X		X	1999	

POLAND

Recommendation	Implemented		Planned		
	Yes	No	No	Yes	When?
1a Trade comparisons between direct market participants by T+0	X				
1b Matched trade details should be linked to the settlement system	X				
2 Indirect market participants to achieve affirmation by T+1		X		X	2000
3a Central depository, broadest possible participation	X				
3b Widest possible range of depository eligible instruments	X				
3c Immobilisation/dematerialisation to the utmost extent possible	X				
3d Compatible rules and practices in case of multiple CSDs	N/A				
4a Real Time Gross Settlement system		X		X	2000
4b Trade netting system as per "Lamfalussy-Recommendations"	X				
5 Delivery versus Payment (DVP) as defined by ISSA	X				
6a Same Day Funds for securities settlement	X				
6b Same Day Funds for the servicing of securities portfolios	X				
7a A rolling settlement system should be adopted by all markets	X				
7b Final settlement for all trades by T+3	X				
8a Securities lending and borrowing should be encouraged		X		X	
8b Existing regulatory and taxation barriers should be removed		X	X		
9a ISO Standard 7775 (Securities messages)		X	X		
9b ISO Standard 6166 (ISIN numbering system)	X				

Notes

- 3a Categories of direct participants:
 Brokerage houses, banks, other financial institutions like insurance companies, stock exchanges, trust funds corporations.
 Foreign clearing/depository institutions may also become participants in the depository.
- 4b Available for cash only; no plans for securities.
- 6b Implemented with exceptions. Possible through an electronic funds transfer system (ELIXIR) which, however, requests that some conditions are met:
 a) The banks must be participants in the ELIXIR system (not all Polish banks are participants).
 b) The funds must be transferred by 14:00 hrs.
- 7b Implemented with exceptions: bonds on the continuous market settle on T+2.
 The settlement date for off-session transactions, interbank transactions and secondary market T-bills is subject to negotiation.

PORTUGAL

Recommendation	Implemented		Planned		
	Yes	No	No	Yes	When?
1a Trade comparisons between direct market participants by T+0	X				
1b Matched trade details should be linked to the settlement system	X				
2 Indirect market participants to achieve affirmation by T+1	X				
3a Central depository, broadest possible participation	X				
3b Widest possible range of depository eligible instruments	X				
3c Immobilisation/dematerialisation to the utmost extent possible	X				
3d Compatible rules and practices in case of multiple CSDs	N/A				
4a Real Time Gross Settlement system		X		X	2000
4b Trade netting system as per "Lamfalussy-Recommendations"	X				
5 Delivery versus Payment (DVP) as defined by ISSA	X				
6a Same Day Funds for securities settlement	X				
6b Same Day Funds for the servicing of securities portfolios	X				
7a A rolling settlement system should be adopted by all markets	X				
7b Final settlement for all trades by T+3	X				
8a Securities lending and borrowing should be encouraged	X				
8b Existing regulatory and taxation barriers should be removed	X				
9a ISO Standard 7775 (Securities messages)		X		X	2000
9b ISO Standard 6166 (ISIN numbering system)	X				

Notes

Status 2000 (not incl.in the ISSA Handbook 1999)

2 Indirect market participants connected to the settlement system receive a real-time message for each trade that was allocated by the stock broker/dealer who made the deal.

3a Categories of direct participants:
Banks and brokers/dealers

3b Major categories of investment instruments that are not (yet) depository eligible:
All securities are eligible for depository except the non-fungible ones and short term debt instruments.

3d There is only one CSD in Portugal that has the responsibility to control equities and bonds, both public and private issues. Banco de Portugal, the Portuguese central bank acts as a depository for short term debt securities and money market instruments such as commercial paper, treasury bills, CLIP's, certificates of deposit, etc.

4a The physical settlement of pledging and repo transactions with Banco de Portugal is based in a RTGS system. Development of a RTGS DVP settlement system for OTC trades is under way and is expected to be operational before the end of year 2000.

5 DVP procedures are used in the daily netting cycle as well as in the multiple intraday netting cycles of the new settlement system, SLPlus.

9a ISO 7775 and ISO 15022 based messages will be implemented during the year 2000 for links with other European CSDs. Next step will be for the use of remote and local participants during 2001.

RUSSIA

Recommendation	Implemented		Planned			Notes
	Yes	No	No	Yes	When?	
1a Trade comparisons between direct market participants by T+0	X					1a for GKO/OFZ
1b Matched trade details should be linked to the settlement system	X					1b for GKO/OFZ
2 Indirect market participants to achieve affirmation by T+1		X				9b Equities, partially; MinFin, Yes; GKO: No
3a Central depository, broadest possible participation		X				
3b Widest possible range of depository eligible instruments		X				
3c Immobilisation/dematerialisation to the utmost extent possible		X				
3d Compatible rules and practices in case of multiple CSDs		X				
4a Real Time Gross Settlement system	X					
4b Trade netting system as per "Lamfalussy-Recommendations"		X				
5 Delivery versus Payment (DVP) as defined by ISSA		X				
6a Same Day Funds for securities settlement		X				
6b Same Day Funds for the servicing of securities portfolios		X				
7a A rolling settlement system should be adopted by all markets		X				
7b Final settlement for all trades by T+3		X				
8a Securities lending and borrowing should be encouraged		X				
8b Existing regulatory and taxation barriers should be removed		X				
9a ISO Standard 7775 (Securities messages)	X					
9b ISO Standard 6166 (ISIN numbering system)	X	X				

SINGAPORE

Recommendation	Implemented		Planned		
	Yes	No	No	Yes	When?
1a Trade comparisons between direct market participants by T+0	X				
1b Matched trade details should be linked to the settlement system	X				
2 Indirect market participants to achieve affirmation by T+1		X	X		
3a Central depository, broadest possible participation	X				
3b Widest possible range of depository eligible instruments	X				
3c Immobilisation/dematerialisation to the utmost extent possible	X				
3d Compatible rules and practices in case of multiple CSDs	N/A				
4a Real Time Gross Settlement system		X	X		
4b Trade netting system as per "Lamfalussy-Recommendations"	X				
5 Delivery versus Payment (DVP) as defined by ISSA	X				
6a Same Day Funds for securities settlement	X				
6b Same Day Funds for the servicing of securities portfolios	X				
7a A rolling settlement system should be adopted by all markets	X				
7b Final settlement for all trades by T+3		X		X	
8a Securities lending and borrowing should be encouraged		X		X	
8b Existing regulatory and taxation barriers should be removed		X			
9a ISO Standard 7775 (Securities messages)	X				
9b ISO Standard 6166 (ISIN numbering system)	X				

Notes

2 Will become applicable upon introduction of T+3.

3a Categories of direct participants:

Banks, brokers, merchant banks, finance companies, institutional investors, retail investors.

5 As of August 1997, Singapore CDP introduced an enhanced DVP system under which trades are settled on a net basis, with same day transfer of securities (15:00) and cash (17:00). The system differs very slightly from the ISSA definition (which calls for a truly simultaneous exchange of securities and cash). Instead cash and securities are guaranteed by CDP once trades are affirmed by participants. Effectively it achieves the same result which is to eliminate counterparty risk.

8a Securities lending is permitted under the Securities Industry Act. However clarifications have yet to be received from the Monetary Authority on MAS621 - Internationalisation of SGD, which restricts SGD lending, and the taxation treatment of stock lending transactions.

SLOVAK REPUBLIC

Recommendation	Implemented		Planned			Notes
	Yes	No	No	Yes	When?	
1a Trade comparisons between direct market participants by T+0	X					7b T+0 for the RM-System - Slovakia
1b Matched trade details should be linked to the settlement system	X					
2 Indirect market participants to achieve affirmation by T+1		X	X			
3a Central depository, broadest possible participation	X					
3b Widest possible range of depository eligible instruments	X					
3c Immobilisation/dematerialisation to the utmost extent possible	X					
3d Compatible rules and practices in case of multiple CSDs	N/A					
4a Real Time Gross Settlement system		X	X			
4b Trade netting system as per "Lamfalussy-Recommendations"		X				
5 Delivery versus Payment (DVP) as defined by ISSA	X					
6a Same Day Funds for securities settlement	X					
6b Same Day Funds for the servicing of securities portfolios	X					
7a A rolling settlement system should be adopted by all markets	X					
7b Final settlement for all trades by T+3	X			X		
8a Securities lending and borrowing should be encouraged		X		X		
8b Existing regulatory and taxation barriers should be removed		X				
9a ISO Standard 7775 (Securities messages)		X				
9b ISO Standard 6166 (ISIN numbering system)	X					

SLOVENIA

Recommendation	Implemented		Planned			Notes
	Yes	No	No	Yes	When?	
1a Trade comparisons between direct market participants by T+0	X					1 Trade comparison/matching on T+1 T+0; 13:30 hours
1b Matched trade details should be linked to the settlement system	X					
2 Indirect market participants to achieve affirmation by T+1		X				3 KDD functions both as central depository and as a clearing house.
3a Central depository, broadest possible participation	X					4 Clearing is performed on T+0, multilateral netting and monetary settlement on T+2.
3b Widest possible range of depository eligible instruments	X					6 As far as KDD's members are concerned they receive the funds same day, as for their clients, the agreement on this issue is a constitutional part of the brokerage agreement.
3c Immobilisation/dematerialisation to the utmost extent possible	X					7 Rolling T+3 settlement; KDD operates rolling T+2 settlement
3d Compatible rules and practices in case of multiple CSDs	N/A					8 Securities lending currently under development.
4a Real Time Gross Settlement system	X					9 ISO Standards
4b Trade netting system as per "Lamfalussy-Recommendations"	X					
5 Delivery versus Payment (DVP) as defined by ISSA	X					
6a Same Day Funds for securities settlement	X					
6b Same Day Funds for the servicing of securities portfolios	X					
7a A rolling settlement system should be adopted by all markets	X					
7b Final settlement for all trades by T+3	X					
8a Securities lending and borrowing should be encouraged	X					
8b Existing regulatory and taxation barriers should be removed	X					
9a ISO Standard 7775 (Securities messages)		X				
9b ISO Standard 6166 (ISIN numbering system)	X					

SOUTH AFRICA

Recommendation	Implemented		Planned		
	Yes	No	No	Yes	When?
1a Trade comparisons between direct market participants by T+0	X				
1b Matched trade details should be linked to the settlement system	X				
2 Indirect market participants to achieve affirmation by T+1	X				
3a Central depository, broadest possible participation		X		X	30.7.99
3b Widest possible range of depository eligible instruments		X		X	30.7.99
3c Immobilisation/dematerialisation to the utmost extent possible		X		X	2000
3d Compatible rules and practices in case of multiple CSDs	N/A				
4a Real Time Gross Settlement system		X		X	1999
4b Trade netting system as per "Lamfalussy-Recommendations"	X				
5 Delivery versus Payment (DVP) as defined by ISSA		X		X	1999
6a Same Day Funds for securities settlement		X		X	1999
6b Same Day Funds for the servicing of securities portfolios	X				
7a A rolling settlement system should be adopted by all markets		X		X	1999
7b Final settlement for all trades by T+3		X		X	2000
8a Securities lending and borrowing should be encouraged	X				
8b Existing regulatory and taxation barriers should be removed	X				
9a ISO Standard 7775 (Securities messages)	X				
9b ISO Standard 6166 (ISIN numbering system)		X		X	1999

Notes

- 3a Categories of direct participants:
Central Bank, commercial banks, members of the Johannesburg Stock Exchange (i.e. stock brokers).
- 3b Major categories of investment instruments that are not (yet) depository eligible:
Equity and money market instruments. The Johannesburg Stock Exchange is engaged in a project to dematerialise equities in the CSD, and to introduce rolling settlement in the equity market during 1999.
- 3c 80% of listed bonds are immobilised, see above for equities.
- 4a RTGS under discussion, implementation planned to begin during 1999.
- 4b Netting for debt instruments only; for equities at broker level only.
- 5 Timing of movement of title and finality of payment is currently not simultaneous.
- 6a Most payments are made by bank cheques which clear overnight.
- 7a Rolling settlement for bonds and equities is planned for 1999.
- 7b Equity instruments: Tuesday following the week traded (current)
Debt instruments: Second Thursday following trade date
Rolling settlement (T+5; later on T+3) is planned.
- 9b ISIN codes not used by the Exchange. Implementation is planned for the future. The codes are used by the custodian banks.
- An electronic settlement system for the South African equity market is scheduled to become operational on July 30, 1999. Known as STRATE (Share Transactions Totally Electronic) the new system involves a phased dematerialisation of equity issues. Major features of STRATE include:
- Rolling contractual settlement on T+5 to be reduced to T+3 in a later phase.
 - Settlement on a trade-by-trade basis.
 - Final and irrevocable delivery versus payment through a real-time transfer of funds via the National Payments System and simultaneous electronic transfer of scrip within the central depository.
 - Ownership registers are updated through electronic means on settlement date.
 - Dematerialisation will occur in stages, moving from smaller illiquid issues to large volume issues. The process is expected to be completed by the end of 2000.

SPAIN

Recommendation	Implemented		Planned			Notes
	Yes	No	No	Yes	When?	
1a Trade comparisons between direct market participants by T+0	X					
1b Matched trade details should be linked to the settlement system	X					
2 Indirect market participants to achieve affirmation by T+1	X	X				
3a Central depository, broadest possible participation	X					
3b Widest possible range of depository eligible instruments	X					
3c Immobilisation/dematerialisation to the utmost extent possible	X					
3d Compatible rules and practices in case of multiple CSDs	N/A					
4a Real Time Gross Settlement system		X		X	1999	
4b Trade netting system as per "Lamfalussy-Recommendations"	X					
5 Delivery versus Payment (DVP) as defined by ISSA	X	X				
6a Same Day Funds for securities settlement	X					
6b Same Day Funds for the servicing of securities portfolios	X					
7a A rolling settlement system should be adopted by all markets	X					
7b Final settlement for all trades by T+3	X					
8a Securities lending and borrowing should be encouraged	X					
8b Existing regulatory and taxation barriers should be removed	X					
9a ISO Standard 7775 (Securities messages)	X					
9b ISO Standard 6166 (ISIN numbering system)	X					

Notes

- 2 Trade comparison for indirect participants is limited to the clearing members of the central depository SCL (Servicio de Compensación y Liquidación de Valores). Market members have a set period of between T and T+1 to communicate to the Stock Exchange trade details including the clearing member of the SCL who has to settle each trade. This information flows through the SCL to the clearing member who has to accept or reject the settlement of the trade according to the client's instructions.
- Market members use different means including SWIFT and OASYS to match trade details with the international brokers, fund managers or other institutional investors. However, there is no standard format for trade comparison and communication of settlement instructions between brokers and institutional investors.
- 3a Categories of direct participants:
The position of settlement participant must be held by the Stock Exchange brokers, and voluntarily by banks; saving banks; the Bank of Spain; the official trust depository; official credit institutions; investment agencies which are not members of any stock market; and foreign central depositories.
- 3b Major categories of investment instruments that are not (yet) depository eligible:
Public debt which is registered in the Sistema de Anotaciones en Cuenta de Deuda del Estado de Banco de España.
- 4b In accordance with current legislation, SCL has a collateral system designed to assure guaranteed settlement. Moreover, SCL can invoke procedures to ensure, in co-ordination with the Bank of Spain, timely completion of daily settlements in the event of a participant failure. The restitution of cash is carried out by drawing on the collateral maintained by the participants.
- 5 Finality of payments occurs at the closing of the Servicio Telefónico del Mercado de Dinero (STMD), the Spanish large value system, at 13:00 hours, and it is after the communication of cash finality that the SCL process to the movement of securities. Therefore, DVP is not completely simultaneous, since there is a gap of approximately 2 hours.
- 8b There are no regulatory and taxation barriers inhibiting securities lending. With regard to bilateral loans, taxation authorities are working on the clarification of certain issues.

SWEDEN

Recommendation	Implemented		Planned			Notes
	Yes	No	No	Yes	When?	
1a Trade comparisons between direct market participants by T+0	X					1a Bond and money market: 100 % on T+0. Equity market: 21 % on T+0; 78 % on T+1, and 1 % on T+2.
1b Matched trade details should be linked to the settlement system	X					
2 Indirect market participants to achieve affirmation by T+1	X					2 All indirect participants (i.e. customers) are notified by a contract note mailed on T+0. Most banks and securities companies also offer their clients internet and similar services in order to check custody and cash accounts on T+0.
3a Central depository, broadest possible participation	X					
3b Widest possible range of depository eligible instruments	X					3a <u>Categories of direct participants:</u> - Owners of dematerialised securities may have a direct account with VPC. Otherwise, their holdings are kept in a nominee account (fövaltarregistrerade) with VPC. - Account operators and clearing members are direct participants in VPC. Presently, these are banks, securities companies, asset managers, and institutional investors. - Membership in VPC is open for all members mentioned, both domestic and foreign.
3c Immobilisation/dematerialisation to the utmost extent possible	X					
3d Compatible rules and practices in case of multiple CSDs	N/A					
4a Real Time Gross Settlement system	X					3b <u>Major categories of investment instruments that are not (yet) depository eligible:</u> Only old issues of government premium bonds are not eligible for VPC.
4b Trade netting system as per "Lamfalussy-Recommendations"	X					
5 Delivery versus Payment (DVP) as defined by ISSA		X				4 Institutional block trades are usually settled gross, smaller trades are netted between brokers.
6a Same Day Funds for securities settlement	X					
6b Same Day Funds for the servicing of securities portfolios	X					5 Netted settlement takes place once a day. (See also 7b)
7a A rolling settlement system should be adopted by all markets	X					7b RTGS trades are possible if the counterparties agree to this settlement mode prior to the trade, and if the settlement period is shorter than the standard T+3.
7b Final settlement for all trades by T+3	X					
8a Securities lending and borrowing should be encouraged	X					
8b Existing regulatory and taxation barriers should be removed	X					
9a ISO Standard 7775 (Securities messages)	X					
9b ISO Standard 6166 (ISIN numbering system)	X					

SWITZERLAND

Recommendation	Implemented		Planned		
	Yes	No	No	Yes	When?
1a Trade comparisons between direct market participants by T+0	X				
1b Matched trade details should be linked to the settlement system	X				
2 Indirect market participants to achieve affirmation by T+1		X	X		
3a Central depository, broadest possible participation	X				
3b Widest possible range of depository eligible instruments	X				
3c Immobilisation/dematerialisation to the utmost extent possible	X				
3d Compatible rules and practices in case of multiple CSDs	N/A				
4a Real Time Gross Settlement system	X				
4b Trade netting system as per "Lamfalussy-Recommendations"	N/A				
5 Delivery versus Payment (DVP) as defined by ISSA	X				
6a Same Day Funds for securities settlement	X				
6b Same Day Funds for the servicing of securities portfolios	X				
7a A rolling settlement system should be adopted by all markets	X				
7b Final settlement for all trades by T+3	X				
8a Securities lending and borrowing should be encouraged	X				
8b Existing regulatory and taxation barriers should be removed	X				
9a ISO Standard 7775 (Securities messages)	X				
9b ISO Standard 6166 (ISIN numbering system)	X				

Notes

2 The perception that there is a market need to integrate the indirect market participants into the post-trade activities on an electronic basis, is slowly gaining ground. Nevertheless, there is not yet enough momentum to initiate concrete steps in the near future.

3a Categories of direct participants:

Banks, Saving Banks, Securities Dealers admitted by Swiss Exchange and, exceptionally, other companies engaged in securities operations on behalf of third parties.

3b Major categories of investment instruments that are not (yet) depository eligible:

- Precious metals

TAIWAN

Recommendation	Implemented		Planned		
	Yes	No	No	Yes	When?
1a Trade comparisons between direct market participants by T+0	X				
1b Matched trade details should be linked to the settlement system	X				
2 Indirect market participants to achieve affirmation by T+1	X				
3a Central depository, broadest possible participation	X				
3b Widest possible range of depository eligible instruments	X				
3c Immobilisation/dematerialisation to the utmost extent possible	X				
3d Compatible rules and practices in case of multiple CSDs	N/A				
4a Real Time Gross Settlement system	X				
4b Trade netting system as per "Lamfalussy-Recommendations"	X				
5 Delivery versus Payment (DVP) as defined by ISSA	X				
6a Same Day Funds for securities settlement	X				
6b Same Day Funds for the servicing of securities portfolios	X				
7a A rolling settlement system should be adopted by all markets	X				
7b Final settlement for all trades by T+3	X				
8a Securities lending and borrowing should be encouraged	X				
8b Existing regulatory and taxation barriers should be removed		X			
9a ISO Standard 7775 (Securities messages)		X			
9b ISO Standard 6166 (ISIN numbering system)	X				

Notes

- 2 Indirect market participants (clients, investors) receive notification for confirmation by T+1.
- 3a Categories of direct participants:
The stock exchange, domestic and foreign banks, domestic and foreign brokers, OTC securities exchange, securities finance enterprises, insurance companies and other types subject to approval by the Securities and Futures Commission
- 3b Major categories of investment instruments that are not (yet) depository eligible:
None. All Taiwan Stock Exchange (TSE) listed securities and OTC listed securities are depository eligible.
- 3c Immobilisation/dematerialisation is not compulsory. However, since the book-entry settlement system is universal, all transactions in TSE and OTC market could be settled by the computerised book-entry process through TSCD without deposit or withdrawal of certificates. At the end of August 1998, TSCD held certificates for 64.57% of all TSE listed shares and OTC (ROSE) listed shares.
- 7b T+1 settlement has been adopted for block trading of fixed income securities.
- 8a The securities lending and borrowing system can be employed in the following cases:
- error by a broker making a sale or purchase for a client;
- shortfall of securities;
- investor failing to settle.

THAILAND

Recommendation	Implemented		Planned		
	Yes	No	No	Yes	When?
1a Trade comparisons between direct market participants by T+0	X				
1b Matched trade details should be linked to the settlement system	X				
2 Indirect market participants to achieve affirmation by T+1	X				
3a Central depository, broadest possible participation	X				
3b Widest possible range of depository eligible instruments	X				
3c Immobilisation/dematerialisation to the utmost extent possible	X				
3d Compatible rules and practices in case of multiple CSDs	N/A				
4a Real Time Gross Settlement system	N/A	X	X		
4b Trade netting system as per "Lamfalussy-Recommendations"	X				
5 Delivery versus Payment (DVP) as defined by ISSA		X		X	
6a Same Day Funds for securities settlement		X			
6b Same Day Funds for the servicing of securities portfolios		X			
7a A rolling settlement system should be adopted by all markets	X				
7b Final settlement for all trades by T+3	X				
8a Securities lending and borrowing should be encouraged	X				
8b Existing regulatory and taxation barriers should be removed	X				
9a ISO Standard 7775 (Securities messages)		X	X		
9b ISO Standard 6166 (ISIN numbering system)	X				

Notes

- 2 TSD (Thailand Securities Depository Co., Ltd) has already included all securities firms (indirect market participants) in the clearing and settlement system. Orders placed by these indirect market participants are also matched and automatically confirmed in the lock-in trading system ASSET (Automated System for the Stock Exchange of Thailand).
- 3a Categories of direct participants:
Brokers, dealers, finance firms, domestic and foreign custodian banks.
- 3b Major categories of investment instruments that are not (yet) depository eligible:
Government bonds, state enterprise bonds, commercial papers (bills of exchange and negotiable certificates of deposit).
- 3c All shares deposited with TSD are dematerialised which represents 46.08% of market capitalisation value.
- 5 TSD is in the process of implementing BAHTNET (electronic fund transfer system) in the money settlement system.
- 6a Securities are settled by checks, and although parties may give each other immediate value, checks still require 24 hours to clear.
- 8 Short selling and securities lending has been legally practised since January 1998.

TURKEY

Recommendation	Implemented		Planned			Notes
	Yes	No	No	Yes	When?	
1a Trade comparisons between direct market participants by T+0	X					1a While direct market participants are not expected to confirm the trades on T+0, the trades realised at the Istanbul Stock Exchange (ISE) are binding contracts. Direct market participants receive the results of their trades from the ISE after each trading session as a "trade book".
1b Matched trade details should be linked to the settlement system	X					
2 Indirect market participants to achieve affirmation by T+1		X		X		1b Matched trade details are transmitted by the ISE to the clearing and settlement centre (TAKASBANK) on-line on T+0 on the contract basis for both securities and cash.
3a Central depository, broadest possible participation	X					
3b Widest possible range of depository eligible instruments	X					2 Indirect market participants do not achieve affirmation either from the trading system or from the settlement system. However, according to the current market practice they are informed by their clients and/or by the trading brokers of these clients. A system to provide indirect market participants with affirmation by T+1 is planned.
3c Immobilisation/dematerialisation to the utmost extent possible	X					
3d Compatible rules and practices in case of multiple CSDs	N/A					3a <u>Categories of direct participants:</u> ISE members (brokerage houses and banks in Turkey), local and global custodian banks, foreign CSDs, foreign clearing and settlement centres, local and foreign institutional investors, issuing companies. It should be noted that only ISE members can be clearing and settlement members of TAKASBANK.
4a Real Time Gross Settlement system		X				
4b Trade netting system as per "Lamfalussy-Recommendations"	X					3b <u>Major categories of investment instruments that are not (yet) depository eligible:</u> Equities, Depository Receipts, G-Bonds, T-Bills, Eurobonds, Mutual Fund Participation Certificates, Private Sector Bonds and Bills, Asset Backed Securities, Real Estate Certificates..
5 Delivery versus Payment (DVP) as defined by ISSA	X					
6a Same Day Funds for securities settlement	X					4a Real-time Gross Settlement is not applicable in the settlement environment. The settlement system is based on multilateral netting.
6b Same Day Funds for the servicing of securities portfolios	X					
7a A rolling settlement system should be adopted by all markets	X					5 Delivery Versus Payment (DVP) principles are applied. However, as the settlement is based on multilateral netting, movement of title and finality of payment may not be simultaneous.
7b Final settlement for all trades by T+3	X					
8a Securities lending and borrowing should be encouraged	X					6 Settlement of securities and cash is realised with same day funds both for the ISE Equity Market (T+2) and for the ISE Bonds and Bills Market (T+0).
8b Existing regulatory and taxation barriers should be removed	X					
9a ISO Standard 7775 (Securities messages)	X					7b Final settlement for equities trading is by T+2 while final settlement for bonds and bills is by T+0.
9b ISO Standard 6166 (ISIN numbering system)	X					

UNITED KINGDOM

Recommendation	Implemented		Planned		
	Yes	No	No	Yes	When?
1a Trade comparisons between direct market participants by T+0	X				
1b Matched trade details should be linked to the settlement system		X			
2 Indirect market participants to achieve affirmation by T+1	X				
3a Central depository, broadest possible participation	X				
3b Widest possible range of depository eligible instruments	X				
3c Immobilisation/dematerialisation to the utmost extent possible	X				
3d Compatible rules and practices in case of multiple CSDs		X			
4a Real Time Gross Settlement system	X				
4b Trade netting system as per "Lamfalussy-Recommendations"		X			
5 Delivery versus Payment (DVP) as defined by ISSA	X				
6a Same Day Funds for securities settlement	X				
6b Same Day Funds for the servicing of securities portfolios	X				
7a A rolling settlement system should be adopted by all markets	X				
7b Final settlement for all trades by T+3		X			
8a Securities lending and borrowing should be encouraged	X				
8b Existing regulatory and taxation barriers should be removed	X				
9a ISO Standard 7775 (Securities messages)	X				
9b ISO Standard 6166 (ISIN numbering system)	X				

Notes

- 2 The facility is available although it is not mandatory. Positive affirmation of trades can be achieved either through the CREST system, through the CGO (Central Gilts Office) system or through the electronic trade confirmation providers.
- 3a Categories of direct participants:
Open membership. The chief aim is to obtain the agreement of a payment bank to undertake to affirm payments on settlements. In both CREST and CGO payment, banks are able to set caps on the intraday credit they are prepared to provide to their customers.
CGO has membership from banks, brokers, asset managers, and institutional investors as well as the ICSDs. CREST is also open to those members and in addition allows membership from private investors.
In all cases all members have to be able to sign legal documentation under UK law.
- 3b Major categories of investment instruments that are not (yet) depository eligible:
All exchange-traded and many over-the-counter instruments are admitted into one of the three UK depositories (CGO for government securities and bulldog bonds, CMO (Central Moneymarket Office) for the bulk of money market paper, and CREST for UK and Irish equities and corporate bonds).
There is no depository for swaps, warrants, and certain other specialised over-the-counter instruments.
- 4a RTGS settlement exists for cash payments. CREST and CGO provide real-time gross settlement with immediate intraday finality.
- 4b Implementation of a netting system is not contemplated. Settlement on a gross trade by trade basis is believed to be more efficient and secure.
A principle of not netting trades has been adopted, except where it is essential to do so. This is in order to eliminate the remote possibility of legal challenge to netting. Even though the legal environment is extremely favourable to netting as a matter of general principle, it is not believed to be appropriate to resort to netting where it is economic to settle on a gross trade by trade basis. UK cash markets settle on a trade by trade basis, whereas future markets (with their longer settlement periods) net.
- 5 The finality of exchange of legal title in securities takes place within two hours of settlement. During that period the buyer's interest is protected by an equitable interest. The equitable interest in the CREST and CGO systems has a defined status under UK Company Law.
It would be extremely difficult to defeat, since each CREST and CGO registrar is obliged to complete registration of the movement within two hours, unless they are either on actual notice that the instruction from CREST or the CGO is erroneous or they receive a court order which prohibits the transfer.
- 7b The settlement conventions are T+1 for the government securities market, T+0 for money market instruments and T+5 for equities. (CREST has the flexibility to settle from T+0 to T+120).
- 9a The data dictionary approach adopted by CREST and the new CGO system is deemed to be compatible with ISO 7775 and anticipated the newer standard, ISO 15022. The earlier standard does not have an adequate range for a sophisticated and complex market like the UK.
- 9b CREST uses these, but others (such as the CMO) do not.

UNITED STATES

Recommendation	Implemented		Planned			Notes
	Yes	No	No	Yes	When?	
1a Trade comparisons between direct market participants by T+0	X					3a <u>Categories of direct participants:</u> DTC (Depository Trust Company): banks, broker-dealers, clearing agencies. FRB (Federal Reserve Book Entry System): banks.
1b Matched trade details should be linked to the settlement system	X					
2 Indirect market participants to achieve affirmation by T+1	X					3b <u>Major categories of investment instruments that are not (yet) depository eligible:</u> - Private Placements - Restricted Securities.
3a Central depository, broadest possible participation	X					
3b Widest possible range of depository eligible instruments	X					4a Only for FRB; DTC/NSCC settle on an end-of-day net cash basis.
3c Immobilisation/dematerialisation to the utmost extent possible	X					
3d Compatible rules and practices in case of multiple CSDs	X					4b Only for DTC/NSCC settlements.
4a Real Time Gross Settlement system	X	X				
4b Trade netting system as per "Lamfalussy-Recommendations"	X	X				5 Only FRB; DTC/NSCC securities move intra day and cash settles on an end-of-day basis. However, because NSCC guarantees settlement of broker-to-broker trades and DTC collateralises all securities movements it is considered a DVP environment.
5 Delivery versus Payment (DVP) as defined by ISSA	X					
6a Same Day Funds for securities settlement	X					8a NSCC has a limited stock borrow program to satisfy high priority liquidity needs of its own CNS dealer settlement system. Securities lending practices are generally handled outside DTC/NSCC.
6b Same Day Funds for the servicing of securities portfolios	X					
7a A rolling settlement system should be adopted by all markets	X					9a Most DTC/NSCC Participants have adopted ISO Standard 7775 (Securities messages) for cross-border transactions.
7b Final settlement for all trades by T+3	X					
8a Securities lending and borrowing should be encouraged	X					9b Most DTC/NSCC Participants have adopted ISO Standard 6166 (ISIN numbering system) for cross-border transactions.
8b Existing regulatory and taxation barriers should be removed	X					
9a ISO Standard 7775 (Securities messages)		X				
9b ISO Standard 6166 (ISIN numbering system)		X				

VENEZUELA

Recommendation	Implemented		Planned		
	Yes	No	No	Yes	When?
1a Trade comparisons between direct market participants by T+0		X	X		
1b Matched trade details should be linked to the settlement system		X		X	
2 Indirect market participants to achieve affirmation by T+1		X		X	2Q 1999
3a Central depository, broadest possible participation	X				
3b Widest possible range of depository eligible instruments		X	X		
3c Immobilisation/dematerialisation to the utmost extent possible	X				
3d Compatible rules and practices in case of multiple CSDs	N/A				
4a Real Time Gross Settlement system		X	X		
4b Trade netting system as per "Lamfalussy-Recommendations"		X	X		
5 Delivery versus Payment (DVP) as defined by ISSA		X		X	Not known
6a Same Day Funds for securities settlement		X	X		
6b Same Day Funds for the servicing of securities portfolios		X	X		
7a A rolling settlement system should be adopted by all markets		X	X		
7b Final settlement for all trades by T+3		X			
8a Securities lending and borrowing should be encouraged		X		X	
8b Existing regulatory and taxation barriers should be removed		X		X	
9a ISO Standard 7775 (Securities messages)	X				
9b ISO Standard 6166 (ISIN numbering system)	X				

Notes

3d Caja Venezolana de Valores (CVV) is the country's only depository

7b Equities settle on T+5. Debt (government and corporate issues) usually settle on T+2.