

ESSF / ECSDA STATUS REPORT ON MATCHING HARMONISATION

The European Securities Services Forum (ESSF) and the European Central Securities Depositories Association (ECSDA) presented a proposal to harmonise and standardise matching processes to the CESAME meeting of 23 October 2006. They also announced that they intend to implement the processes by 2009.

This status report presents a brief overview of where the eleven largest markets currently stand with their implementation.

More than 50% of the standards are implemented in all markets

The proposal contains 17 processing standards. More than half of these standards - although not necessarily the most important ones - have already been implemented in all markets included in the report.

Standard 9 is particularly important: it requires a full fledged hold/release mechanism. Nearly 75% of the markets offer currently at least the possibility to instruct with a transaction on hold, which can then later be released for settlement. However, less than 50% of the markets do already offer the opposite; i.e. the possibility to put a transaction on hold, which was submitted with a released status. The relatively low compliance in this area is partly due to the fact that until recently the corresponding ISO standards were missing. Many of the markets that do currently not offer a release to hold transition plan to do so in the next one or two years.

The way forward

Based on the experiences made with the implementation of the standards so far, ESSF and ECSDA intend to make an assessment on the completeness of the standards and on a possible need for clarification of some of them. This will include a comparison and possible alignment with the matching and lifecycle processes of T2S. The goal will be to make the existing standards more precise and efficient without changing anything in their substance.

The next status report will be compiled towards the end of this year; it will be based on the revised version of the standards.

Appendix

Status of the implementation of the matching standards in the larger markets

	BE	CH	DE	EB	ES	FR	IT	LU	NL	SE	UK	%
Standard (numbers relate to the ESSF/ECSDA proposal of October 2006)												
0 Scope: FoP matching	N	Y	N	Y	Y	Y	Y	Y	N	Y	Y	72.73
1 Matching fields	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	100.00
2 One instruction only possible	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	100.00
3 Real-time	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	100.00
5 Unmatched retention > 20 days	Y	Y	Y	Y	N	N	N	Y	N	Y	Y	63.64
6 No autocancellation of matched	N	N	Y	Y	Y	Y	N	Y	N	N	Y	54.55
7 Locked-in at start of stlmt only?	Y	Y	Y	Y	Y	Y	N	Y	N	Y	Y	81.82
8 Matching separate from provisioning	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	100.00
9a Status Transition H->R possible?	Y	Y	Y	N	Y	Y	N	N	Y	Y	Y	72.73
9b Status Transition R->H possible?	Y	Y	Y	N	Y	N	N	N	N	N	Y	45.45
9c Status transition R->H after fail possible?	Y	Y	Y	N	N	N	N	N	N	N	Y	36.36
10 Acceptance and matching of instructions STP in the CSD	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	100.00
11 Amendment of non-matching fields	Y	Y	Y	Y	Y	N	Y	Y	N	Y	Y	81.82
12 Matching fields highlighted in GUI	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	100.00
13 H/R fields highlighte in GUI	Y	Y	Y	Y	Y	n.a.	N	n.a.	N	Y	Y	63.64
14a actual status query	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	100.00
14b previous status query	N	Y	N	N	Y	N	n.a.	Y	N	Y	Y	45.45
15 Query flexibility	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	100.00
16 Matching data in allegements	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	100.00
%	84.2	94.7	89.5	78.9	89.5	68.4	57.9	78.9	52.6	84.2	100.0	
17 Matching tolerance												
Local currency	EUR	CHF	EUR	USD	EUR	EUR	EUR	USD	USD	SEK	GBP	
Tolerance local currency	25	40	25	25	10	25/2	5	25	25	50	10	
Tolerance in EUR equivalent	25	25	25	16	10	25/2	5	16	16	5	15	

The markets are:

BE Belgium
CH Switzerland
DE Germany
EB Euroclear Bank
ES Spain (Iberclear)
FR France
IT Italy

LU Clearstream Luxemburg
NL Nederland
SE Sweden
UK United Kingdom