

Summary report from the meeting of the Market Advisory Committee at Euroclear Sweden AB held in Stockholm on 18 March 2011

Members present:

Göran Fors	Chairman, SEB
Robert Mattsson-Axén	Nordea
Ola Mjörud	Citi
Carina Roosmark	Neonet
Jan Schüllerqvist	Sveriges Riksbank
Karin Wernvall	Swedish National Debt Office
Erik Öhman	Swedbank

Members excused:

Monika Bergström	Handelsbanken
Kerstin Hermansson	Swedish Securities Dealers Association
Thomas Karlsson	Avanza bank

In attendance:

Pierre Mahieu	Head of Product Management for CSDs at ESA
Anso Thiré	CEO Euroclear Sweden and Euroclear Finland
Hanna Vainio	Deputy CEO Euroclear Finland
Anders Löfgren	Head of Insourced Retail Services (ES)
Bo Greborn	Secretary of the MAC (ES)

Agenda Items

1) Chairman's introduction

The Chairman wished all members of the MAC welcome to the meeting. The MAC members approved the minutes from the last meeting.

Pierre Mahieu introduced himself and mentioned that he is responsible for Product Management for all the CSDs in the Euroclear Group. Pierre will attend the meetings of the Swedish and Finnish MACs in the future.

2) Road map for Euroclear Sweden

Hanna Vainio and Anders Löfgren presented the road map for Euroclear Sweden. Hanna started by reviewing the **external factors** that affects the post trade business. The proposed CSD legislation could become a regulation, which means that the rules will be identical in all member states. A major issue for the Euroclear Group is that ICSDs (Euroclear bank) should also be included in this legislation. The UCITS 4 Directive will have an impact on the services provided by Euroclear Sweden. As a result of UCITS 4, the current set-up for the purchase of funds from pre-payment and issuance will be changed to a more DvP like set-up. The latter suites Euroclear Sweden better and would also improve efficiency in the Funds market. Regarding collateral management it was mentioned that since CCBM2 does not include a service provider the central banks could outsource the collateral management to a private service provider.

Regarding **settlement services**, T2S is obviously the most important project affecting the post-trade area. The work is being done in the SWENUG and its sub-groups. Analysis on legal issues and connectivity issues is ongoing and is planned to be completed by the end of June. Corporate actions standards for market claims and

transformations must be implemented in the Swedish market before January 2014 when testing in T2S will start. Pierre Mahieu mentioned that the issue of connectivity to T2S is very important. Mid-April Euroclear will publish a position paper about T2S connectivity for Sweden, Finland and Ireland. Jan Schüllerqvist mentioned that at the meeting of the Board of the Swedish Banker's Association to be held on 26 May the intention is for the Board to take a decision on whether the cost for connecting to T2S by the Riksbank is acceptable or not. This cost will be charged to the banks if the Swedish market joins T2S. The chairman urged Euroclear to present the connectivity options for T2S to the Swedish market as soon as possible. The chairman also informed that he will send a letter to Euroclear expressing the concerns of the Swedish banks regarding the need to receive information from Euroclear concerning T2S.

In the area of **Issuer and Issuer Agent services** the project Issuer Connect was described. The purpose of the project is to implement a new electronic interface for issuers and their agents. The service will be launched in multiple steps. The first version of the service is planned to be launched in the spring of 2012. This service is closely linked to the corporate actions study for standardised ISO messages. Euroclear Sweden will set up reference groups with market participants. The Swedish National debt office and the major Swedish banks are all big issuers. Another service is for General meetings where Euroclear Sweden explores an "end-to-end" solution in close cooperation with participants and issuers. The target is to conclude the business model in Q3 this year and launch the service in 2012.

Regarding **Asset Services** work is ongoing at Euroclear Sweden to assess the transformation of proprietary messages into ISO messages for corporate actions. The assessment will be concluded in the spring this year. In a first step messages for basic corporate action notifications will be implemented. In a second step a long term corporate actions processing standard will be implemented. This service will provide participants with ISO 15022 messages for all corporate actions. This will increase efficiency and improve harmonisation to European standards.

A number of **new services, attached to the Service Account**, are being developed. The proposal for an Investment Savings Account, (in Swedish Investeringssparkonto, ISK) a new form of savings in equities in Sweden is being investigated by Euroclear Sweden. The Investment Savings Account will be launched on 1 January 2012. The MAC members acknowledged that this service is greatly needed by the retail banks. Other services being developed are enhanced corporate action services for Global Securities and the ability to hold debt securities on Service Accounts. A major project is the conversion of VP accounts into Service Accounts. This project involves both legal and technical issues. The purpose of these new services is to enhance the service offering and client access for account operators.

Concerning Funds a number of pilots are currently running. New Fund services will be added over time. Nominee accounts are targeted for implementation in Q3 2011 while Owner accounts are planned to be introduced in Q1 2012. Register services will also be introduced but the time schedule for implementation is not yet decided.

The service ENOT2 which will provide electronic corporate actions for retail customers is currently subject to a pre-study. Implementation is targeted for Q3 2012. ENOT2 will substantially reduce the amount of manual work in back-offices regarding corporate actions for retail customers.

Euroclear Sweden will introduce a new pricing structure for warrants, certificates and bonds on 1 April 2011. Euroclear Sweden and Euroclear Finland will have a similar pricing structure for warrants as from 1 April 2011.

The chairman said that one service that is of great importance for the clients in Sweden is collateral management. Pierre Mahieu mentioned that there are collateral management services available in the Euroclear group that could be provided also to the clients in Sweden. Euroclear will have a discussion with the clients in all Euroclear markets to identify their needs both domestically and internationally concerning collateral management services.

Furthermore the chairman mentioned the international standardised protocol (XBRL) for the transmission of information regarding corporate events. He encouraged Euroclear Sweden to investigate this standardised protocol to see if it is something to use for the future.

Euroclear Sweden will conduct a full tariff structure analysis in 2011.

3) Conclusions

The chairman made the following conclusions of the meeting;

- The MAC members recognised that the services in the road map were adequate. The clients want to be involved in the development together with Euroclear Sweden at an early stage.
- Updates on the status of the development of new services for the clients should be a recurring item on the MAC agenda.
- One topic for the agenda of the next MAC meeting is collateral management.

4) Next meeting

The next meeting of the MAC is scheduled for Tuesday 14 June at 9:00 am.

5) Action points arising from the meeting

Action Point	Responsible Person	Due By
The Secretary was asked to circulate the response of the Euroclear Group to the proposal on CSD Legislation to the MAC members	MAC Secretary	Done