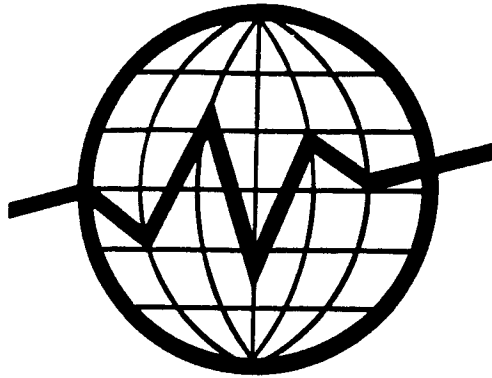


**CLEARANCE AND SETTLEMENT
IN THE MARKETS OF THE MEMBERS OF THE
TECHNICAL COMMITTEE**



**AN UP-TO-DATE REPORT ON THE IMPLEMENTATION OF THE GROUP OF THIRTY
RECOMMENDATIONS**

IOSCO General Secretariat
July 1996

INTRODUCTION

At the February 9 and 10, 1993 Trinidad meeting of the Technical Committee it was decided that the General Secretariat should prepare an up-to-date report indicating where the markets represented in the Technical Committee presently stand on the Group of Thirty (G30) recommendations on clearance and settlement.

A substantial status report on clearance and settlement systems was produced by the G30 at the end of the Autumn of 1992. This status report on the implementation of the G30 recommendations included data on all the countries of the members of the Technical Committee.

In May 1993 the General Secretariat prepared a first report on the implementation of the G30 recommendations in the countries of the Technical Committee members. The first implementation report presented the data collected in 1992 by the G30 for the countries of the Technical Committee members. This data was completed by subsequent information provided by the members of the Technical Committee themselves.

A second implementation report, prepared by the General Secretariat, presented additional information that was provided by the members of the Technical Committee during the Summer of 1994. A third implementation report updated the previous one with additional information provided by the Technical Committee members during the Spring of 1995. The present fourth implementation report updates the 1995 report with the information provided by the Technical Committee members in the Spring and early Summer of 1996.

Section 1 contains the nine G30 recommendations on clearance and settlement systems.

Section 2 presents a summary table on the implementation of the G30 recommendations in all the countries of the Technical Committee members. This short form table was prepared, on the basis of the detailed data contained in Sections 3 to 16, to provide at a quick glance global information on a comparative basis. This comparative table was reviewed by the members of the Technical Committee.

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14. Status Report for Switzerland
15. Status Report for the United Kingdom
16. Status Report for the United States of America



1. G30 Recommendations

**Group of Thirty
Clearance and Settlement**

Recommendations

1. By 1990 all comparisons of trades between direct market participants (that is, brokers, broker / dealers, and other exchange members) should be accomplished by T + 1.
2. By 1992 indirect market participants (such as institutional investors or any trading counterparties that are not broker / dealers) should be members of a trade comparison system that achieves positive affirmation of trade details.
3. Each country should have an effective and fully developed central securities depository, organized and managed to encourage the broadest possible industry participation (directly and indirectly), in place by 1992.
4. Each country should study its market volumes and participation to determine whether a trade netting system would be beneficial in terms of reducing risk and promoting efficiency. If a netting system would be appropriate, it should be implemented by 1992.
5. Delivery versus payment (DVP) should be employed as the method for settling all securities transactions. A DVP system should be in place by 1992.
6. 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 conventions.
7. A "rolling settlement" system should be adopted by all markets. Final settlement should occur on T + 3 by 1992. As an interim target, final settlement should occur on T + 5 by 1990 at the latest, except where it hinders the achievement of T + 3 by 1992.
8. 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 securities should be removed by 1990.
9. Each country should adopt the standard for securities messages developed by the International Organization of Standardization (ISO Standard 7775). In particular, countries should adopt the ISIN numbering system for securities issues as defined in the ISO Standard 6166, at least for cross-border transactions. These standards should be universally applied by 1992.



Comparative Summary Table

**Comparative Summary Table on the Present Implementation of
G30 Recommendations on Clearance and Settlement in all
the Countries of the Members of the Technical Committee¹**

GROUP OF THIRTY RECOMMENDATIONS ON CLEARANCE AND SETTLEMENT									
<u>COUNTRIES</u>	<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>	<u>5</u>	<u>6</u>	<u>7</u>	<u>8</u>	<u>9</u>
<i>Australia</i>	Yes	No	No	Yes	No	No	No	Yes	P
<i>Canada</i>	Yes	Yes	Yes	Yes	Yes	No	Yes	Yes	P
<i>France</i>	Yes	Yes	Yes	Yes	Yes	Yes	Yes	P	Yes
<i>Germany</i>	Yes	Yes	Yes	P	Yes	Yes	Yes	Yes	P
<i>Hong Kong</i>	Yes	No	Yes	Yes	Yes	No	Yes	Yes	No
<i>Italy</i>	Yes	Yes	Yes	Yes	Yes	Yes	P	Yes	No*
<i>Japan</i>	Yes	Yes	Yes	Yes	Yes	No	Yes	Yes	P
<i>Mexico</i>	Yes	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes
<i>Netherlands (The)</i>	Yes	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes
<i>Spain</i>	Yes	Yes	Yes	No	Yes	Yes	P	Yes	Yes
<i>Sweden</i>	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	P
<i>Switzerland</i>	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
<i>United Kingdom</i>	Yes	P	P	No	P	Yes	P	Yes	Yes
<i>United States of America</i>	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes

Yes = The G30 recommendation has been implemented.

No = The G30 recommendation has not presently been implemented.

P = The G30 recommendation has, at the present time, only been partially implemented.

* Will be operating as from January 1st, 1997.

-
1. The data contained in the Summary Table should be interpreted in light of the detailed notes contained in Sections 3 to 16 of this report.



3. Status Report from Australia





AUSTRALIAN
SECURITIES
COMMISSION

OFFICE OF THE CHAIRMAN
SYDNEY

11 July 1996

Mr Eudald Canadell
Secretary General
International Organisation of Securities Commissions
C.P. 171, Tour de la Bourse
800, square Victoria, 42 étage
Montréal (Québec) H4Z 1C8
CANADA

By facsimile 1 514 875 2669

Dear Eudald,

Implementation of the G30 Clearance and Settlement Recommendations in the Countries of the Technical Committee Members

I refer to your letter dated 11 June 1996 to Members of the Technical Committee concerning the implementation of the G30 Clearance and Settlement Recommendations.

There has been no change in our jurisdiction in the status of the implementation of the G30 recommendations since the last report, however, I would like to make the following observations.

Recommendation 2

Brokers' settlement counterparties in Australia will participate in trade matching when the Australian Stock Exchange implements Phase 2 of the Clearing House Electronic Sub-register System (CHES). A trial of Phase 2 has been operating since April 1996 and full participation is expected during July to September 1996. However, CHES Phase 2 will not support an all-encompassing trade comparison system involving local and foreign fund managers, global custodians, local custodians and brokers.

THE CHIFLEY TOWER, 2 CHIFLEY SQUARE, SYDNEY
GPO BOX 4866, SYDNEY NSW 2001, DX 653 SYDNEY
TELEPHONE: (02) 9911 2000 FACSIMILE: (02) 9911 2066

- 2 -

Recommendation 5

Delivery versus Payment will be the method employed under Phase 2 of CHESSE. As indicated a trial of Phas 2 has been operating since April 1996 and full participation is expected during July to September 1996.

Recommendation 7

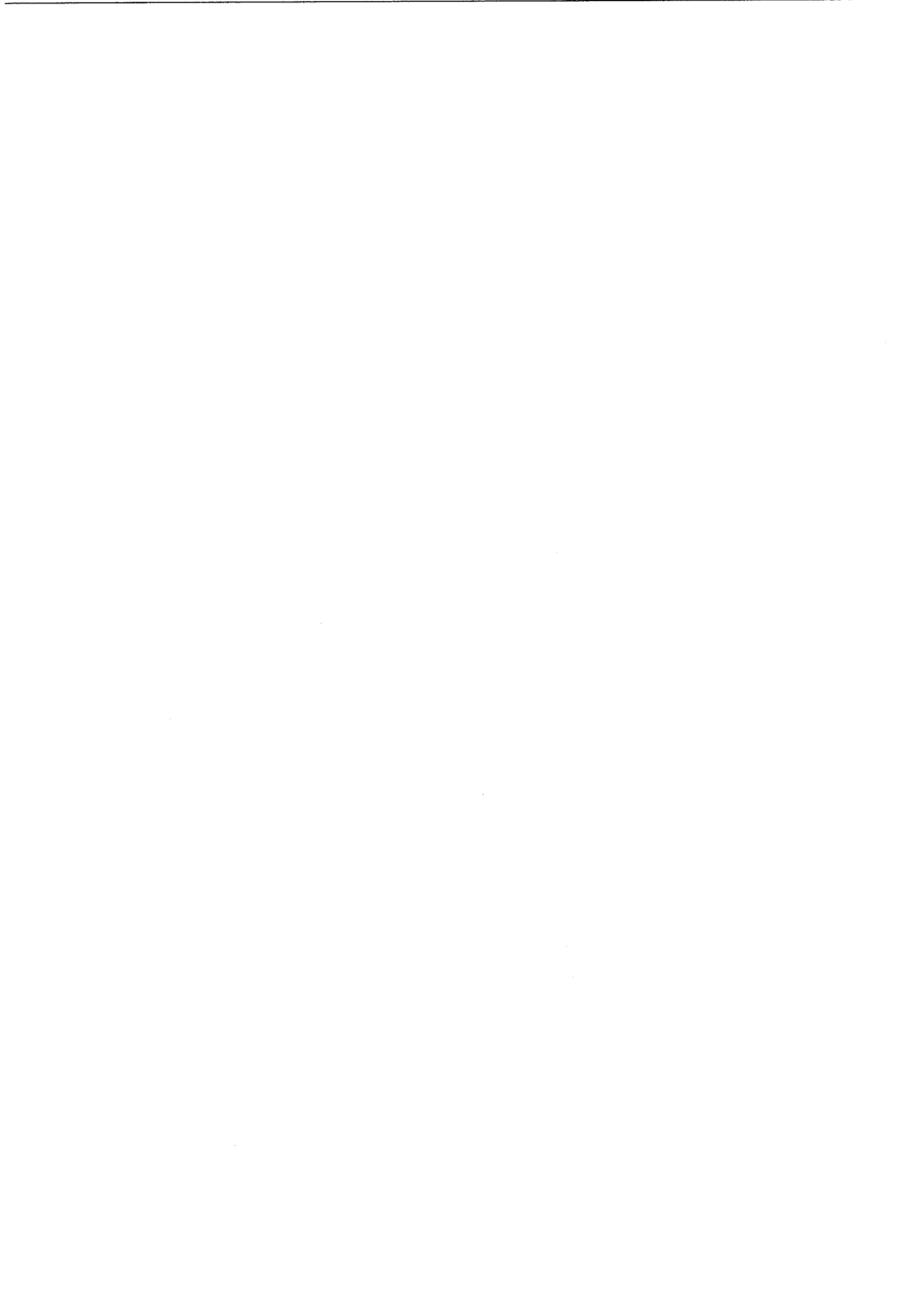
The Australian Stock Exchange has the the goal of implementing T+3 before the end of 1997.

Subject to the above notes, the information contained in the Comparative Summary correctly reflects the status of the implementation of the G30 recommendations in Australia.

Yours sincerely,



Peter Clark
Head of International Relations



4. Status Report for Canada



**Ontario
Securities
Commission**

**Commission des
valeurs mobilières
de l'Ontario**

**PO Box 55, Suite 800
20 Queen Street West
Toronto ON M5H 3S8**

**CP 55, Bureau 800
20 rue Queen ouest
Toronto ON M5H 3S8**

**Phone:
416-593-8269**

**Telecopier / Télécopieur
TDX 76 416-593-8241
CDS-OSC**

June 13, 1996

MEMORANDUM TO: Eudald Canadell
Secretary General
IOSCO General Secretariat

cc: Ed Waitzer
Kathy Soden

FROM: Tanis MacLaren
Associate General Counsel

RE: Update on Status of G30 Clearance and Settlement
Recommendations - Your Memo of June 11, 1996

I've reviewed the current status of the implementation of the G30 recommendations on clearance and settlement in Canada. The evaluation of Canada's current status on the Summary Table is correct.

The two recommendations made by G30 which have not been fully implemented in Canada are Recommendation #6 - Same day funds and Recommendation 9: ISO message standards. I understand that the Bank of Canada project on a Large Value Transfer System that will incorporate same-day funds settlement and finality of payments is progressing with a target completion date of 1997-98. There has also been some progress on the implementation of recommendation 9 and the development of suitable standards in conjunction with national and international standard setting bodies.

\\memo\iosco\g30.up



5. Status Report for France



Le Secrétaire
Général

Réf.: FD533
N° COB: 004031

RECEIVED
23 JUL 1996

Monsieur Eudald CANADELL
Secrétaire général
ORGANISATION INTERNATIONALE DES
COMMISSIONS DE VALEURS
C.P. 171 - Tour de la Bourse
800, square Victoria, 42^{ème} étage
MONTREAL, QUEBEC H4Z 1C8
CANADA

Paris, le 17 JUIL. 1996

Monsieur le Secrétaire général,

Par lettre du 11 juin 1996 vous me faites part des travaux du secrétariat général de l'Organisation internationale des commissions de valeurs (OICV) sur l'actualisation du "Rapport sur l'application des recommandations du Groupe des 30 sur le règlement-livraison par les membres du Comité technique", et je vous en remercie.

Concernant la France, votre tableau comparatif sur l'application des recommandations du Groupe des 30 reflète correctement la situation présente.

Je vous prie d'agréer, Monsieur le Secrétaire général, l'expression de ma considération distinguée.

A handwritten signature in black ink, appearing to read 'JC Delespaul', written in a cursive style.

Jean-Claude DELESPAUL



6. Status Report for Germany

**BUNDESAUFSICHTSAMT FÜR DEN
WERTPAPIERHANDEL**

6024 - 2 - 53/96

(Geschäftszeichen bei Antwort bitte angeben)

60037 Frankfurt am Main, 20. 06. 1996

Postfach	11 02 51
Telefon	(069) 95 95 2 - 0
Bearbeiter(in)	Herr Sudeck
Durchwahl	(069) 95 95 2 - 209
Telefax (allgemein)	(069) 95 95 2 - 123
Telefax (ad hoc Publizität)	(069) 95 95 2 - 200

Mr. Eudald Canadell
Secretary General
IOSCO
C.P.171 Tour la Bourse
800, Square Victoria, 42. étage
Montreal, (Quebec) H4Z 1C8
Canada

R E C U

22 JULI 1996

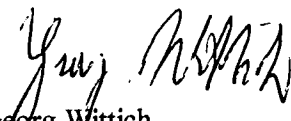
**Implementation of the G30 Clearance and Settlement Recommendations in the
Countries of the Technical Committee Members
- your letter dated June 11, 1996 -**

Dear Mr. Canadell,

I thank you very much for your above-mentioned letter. Having reviewed the attached comparative summary table on the present impementation of G30 Recommendations on Clearance and Settlement, I can tell you, that the table continues to reflect the present status in Germany.

Please do not hesitate to contact me if you have any further questions in this matter.

Yours sincerely,

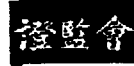

Georg Wittich
President



7. Status Report for Hong Kong



SECURITIES & FUTURES COMMISSION
證券及期貨事務監察委員會



Jerry Greiner
Director
Supervision of Markets

Via Facsimile

23 July 1996

Mr. Eudald Canadell
Secretary General
General Secretariat (Montreal)
International Organization of Securities Commissions
C.P. 171, Tour de la Bourse
800 square Victoria
42 étage
Montréal (Québec) H4Z 1C8
Canada

**Re : Implementation of the G30 Clearance and Settlement Recommendations in
the countries of the Technical Committee members.**

Dear Mr. Canadell

The attached table continues to reflect the situation in Hong Kong in relation to the
G30 Recommendations.

Sincerely,

Jerry Greiner

Encl.

c.c. Helen Lee (SFC)

Ref. ASMJGjA6L29

香港中環皇后大道中十五號置地廣場公署大廈十二樓
12th Floor, Edinburgh Tower, The Landmark, 15 Queen's Road Central, Hong Kong
Tel: (852) 2842 7666 Fax: (852) 2521 7917



8. Status Report for Italy


CONSOBCOMMISSIONE NAZIONALE
PER LE SOCIETA' E LA BORSA**COPIA**

URIRMI 96007120

Mr. Eudald Canadell
IOSCO Secretary General
C.P.171, Tour de la Bourse
800, Square Victoria
45^e étage
Montreal (Québec)

Rome, 22 LUG. 1996

RE: Implementation of the G30 Clearance and Settlement Recommendations in the
Countries of The Technical Committee Members

Dear Mr. Canadell,

Thank you for your letter of 11 June 1996, concerning the updating of the
implementation of G30 recommendations.Please note that recommendation no. 8 has been implemented while
recommendation n. 9 will be operating as from the 1st of January 1997.Having regard to recommendation no. 7 our system provides T+5 instead of
T+3.

Yours sincerely,

Enzo Berlanda
Chairman
U967053B.let
13 CB/ppROMA VIA ISONZO 19 D/E - CAP. 00198 - TEL. 84771 - TELEX 612434 - FAX 841770
MILANO VIA DELLA PONTA 8/10 - CAP. 20123 - TEL. 724201 - TELEX 323507 - FAX 89010696



9. Status Report for Japan

MINISTRY OF FINANCE
TOKYO, JAPAN

July 12, 1996

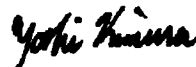
Eudald Canadell
Secretary General
IOSCO General Secretariat
Stock Exchange Tower,
800, Square Victoria,
42th Floor, Suite 4210/C.P.
171, Montreal (Quebec) H4Z 1C8
CANADA

Dear Mr. Canadell:

Thank you for your letter of June 11 regarding Implementation of the G30 Clearance and Settlelement Recommendations.

As a result of review, no change is necessary on our report and summary table.

Sincerely yours,



Yoshihide Kimura
Director for International Affairs
Securities Bureau



10. Status Report for Mexico





COMISION NACIONAL
BANCARIA Y DE VALORES

DIRECCION GENERAL
DE ASUNTOS INTERNACIONALES

MENSAJE POR TELEFAX
MEXICO

Fecha (Date): July 16, 1996

Para (To): Mr. Eudald Canadell
Secretary General
International Organization of
Securities Commissions

Fax. (514) 875 2669

De (From): Lic. María Luisa Calero
Director of Multilateral Relations

Número de hojas incluyendo portada (Number of pages including cover sheet): 2

Dear Mr. Canadell,

In response to your June 11, 1996 fax, asking us to update the information furnished by Mexico for the Report on the implementation of the G-30 Clearance and Settlement Recommendations by the Members of the Technical Committee, please find it attached. As you can see, nothing has really changed.

Please receive my best personal regards.

Sincerely,

C.c.p. Lic. Ana Sainas. Director General de Asuntos Internacionales. Presente.

Insurgentes Sur No. 1971, Torre Sur, Piso 11, Plaza Inn, Col. Guadalupe Inn, C.P. 01020, México D.F.
Tels: (525) 724-6778 / 6779 - Fax: (525) 661-9375

JUL 16 '96 16:03

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**IMPLEMENTATION OF THE G-30 RECOMMENDATIONS ON
CLEARING AND SETTLEMENT IN THE MEXICAN SECURITIES MARKET**

RECOMMENDATION	COMPLIANCE	COMMENTS
1 TRADE COMPARISON BY T+1 FOR DIRECT MARKET PARTICIPANTS	YES	
2 TRADE COMPARISON FOR INDIRECT MARKET PARTICIPANTS	NO	THE MEXICAN STOCK EXCHANGE MEMBERS (THE BROKERS) ARE RESPONSIBLE FOR THE TRADE COMPARISON FOR INDIRECT MARKET PARTICIPANTS
3 CENTRAL SECURITIES DEPOSITORY	YES	INDEVAL
4 NETTING	YES	
5 DELIVERY VERSUS PAYMENTS (DVP)	YES	
6 SAME DAY FUNDS	YES	
7 ROLLING SETTLEMENT ON T+3	YES	T+2
8 SECURITIES LENDING AND BORROWING	YES	
9 ISO MESSAGE STANDARDS AND ISIN NUMBERING	YES	TOTALLY ACCOMPLISHED EXCEPT FOR DEBT WITH AN EXPIRATION TERM LESS THAN 60 DAYS.

JULY 1998



11. Status Report for Netherlands (The)



STE
STICHTING TOEZICHT EFFECTENVERKEER
(SECURITIES BOARD OF THE NETHERLANDS)

FACSIMILE TRANSMISSION

Naam bedrijf/name company : **IOSCO - General Secretariat Montreal**
Bestemd voor/
For the attention of : **Mr. Eudald Canadell**
Telefax number : **00 - 1 - 514 - 875 - 2669**
Van/from : **Hans Wolters**
Datum/date : **5 juli 1996**

Number of pages incl. this cover sheet: **2**

Subject: G-30 Clearance and Settlement Recommendations

In response to your fax of June 11, 1996, and the attached summary table on the present state of implementation of the G-30 Clearance and Settlement Recommendations, we suggest the following update on the recommendations 2, 7 and 9 for the Netherlands:

2: No.
7: Yes
9: Yes

Further clarification:

ad 2: The market perceives no sufficiently strong incentives to create a central trade comparison system including indirect market participants. In this connection it is of importance to note that the Amsterdam Stock Exchange (ASE) systems provide same day execution details, enabling the ASE members to give advise to their customers in a timely manner. Furthermore various investors, mainly the large insurance companies, have close ties with banks, who are in turn direct market participants.

ad 7: T + 3 implemented as of June 1, 1995.

Paleisstraat 1, 1012 RB Amsterdam Postbus 11723, 1001 GS Amsterdam Telefoon 020-6206549 Telefax 020-6206649

ad 9: All listed securities carry both the domestic securities code and the ISIN code. The output of ASAS, Necigef and the Effectenclearing show the ISIN code for listed securities. Dutch banks actively use the ISIN code in their communication to their customers, i.e. via SWIFT.

Sincerely yours,

Hans Wolters

Hans Wolters
Section Supervision

Palcisstraat 1, 1012 RB Amsterdam Postbus 11723, 1001 GS Amsterdam Telefoon 020-6206549 Telefax 020-6206649

JUL 5 '96 11:15

020 6206649 PAGE.002



12. Status Report for Spain



COMISION NACIONAL DEL MERCADO DE VALORES
Paseo de la Castellana, 19
28046 Madrid - ESPAÑA -

Relaciones Internacionales
 # 585-15-11
 Fax 585-22-78

FECHA DATE	June 26, 1996
DE FROM	PABLO RIVERA
A TO	EUDALD CANADELL SECRETARY GENERAL
ORGANISMO COMPANY	IOSCO
FAX NUMBER	0.07.514.875 26 69
CIUDAD TOWN	MONTREAL

nº de páginas incluyendo ésta /nº pages including this one : 1

MENSAJE / MESSAGE

Dear Eudald,

With reference to the implementation of the G-30 recommendations, please note that the Spanish response for 1996 remains unchanged since the precedent year.

Very truly yours,

Pablo Rivera
Head of International Relations

Paseo de la Castellana, 19
 28046 Madrid
 Telef.: 585 15 00
 Fax: 310 33 78



13. Status Report for Sweden

FINANCIAL SUPERVISORY AUTHORITY

Stockholm 25 June, 1996

Dnr 160-96-002

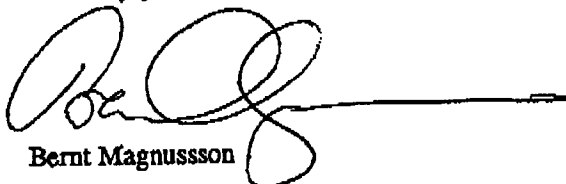
Mr Eudald Canadell
Secretary General
IOSCO
C.P. 171, Tour de la Bourse
800 Square Victoria, 42 étage
Montréal, Québec
H4Z1C8 CANADA

Subject: Implementation of the G30 Clearance and Settlement Recommendations in the Countries of the Technical Committee Members

Dear Mr Canadell,

I am writing to you in response to your letter of June 11, 1996 requesting Members of the Technical Committee to validate the present status of implementation of the G30 recommendations. The Summary Table continues to reflect the present status in Sweden.

Sincerely yours,



Bert Magnusson

POSTAL ADDRESS
P.O. BOX 7831
S-103 98 STOCKHOLM

VISITING ADDRESS
REGERINGSGATAN 48,
STOCKHOLM

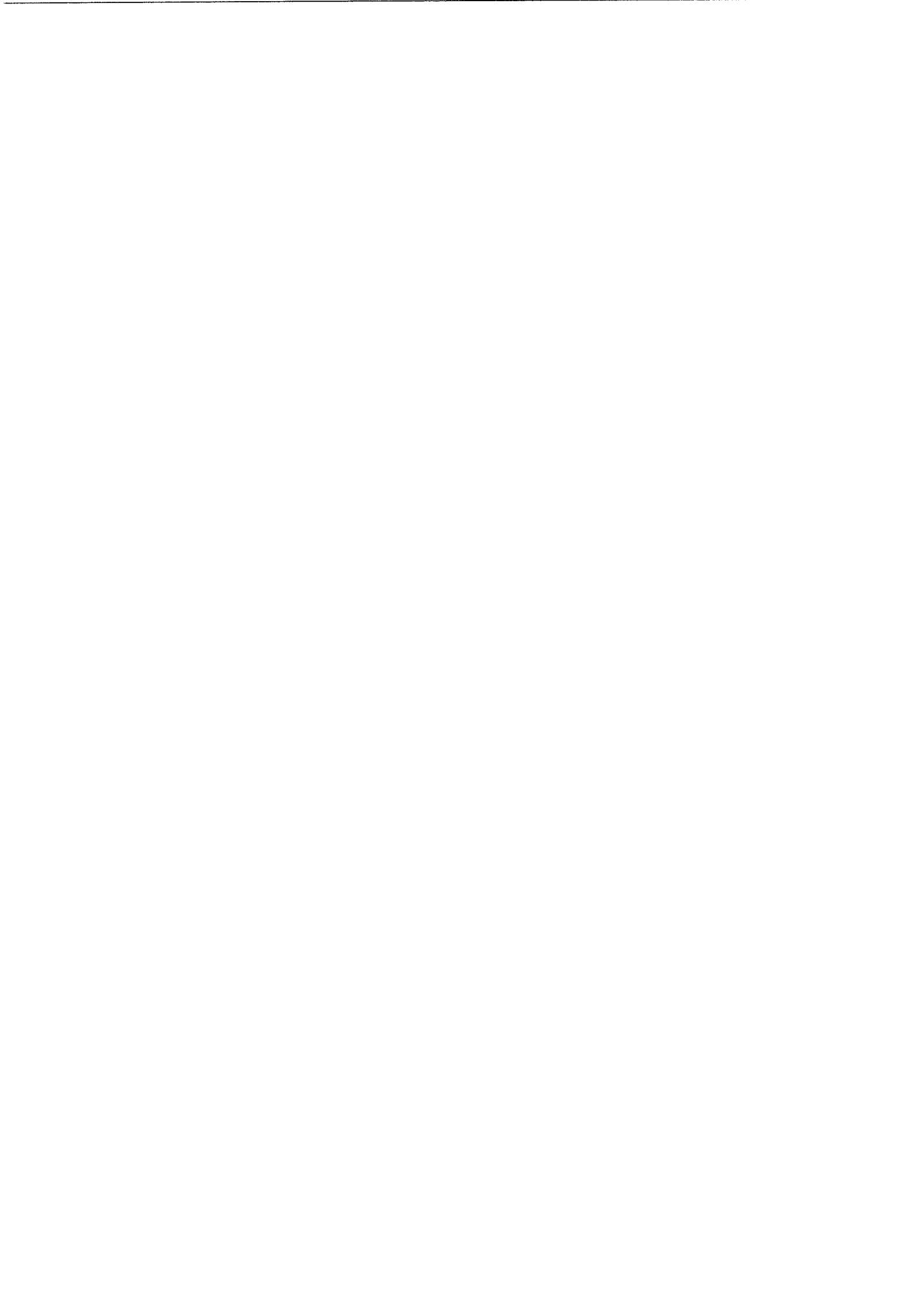
TELEPHONE
+ 46 8 787 80 00

TELEFAX
+ 46 8 24 13 35

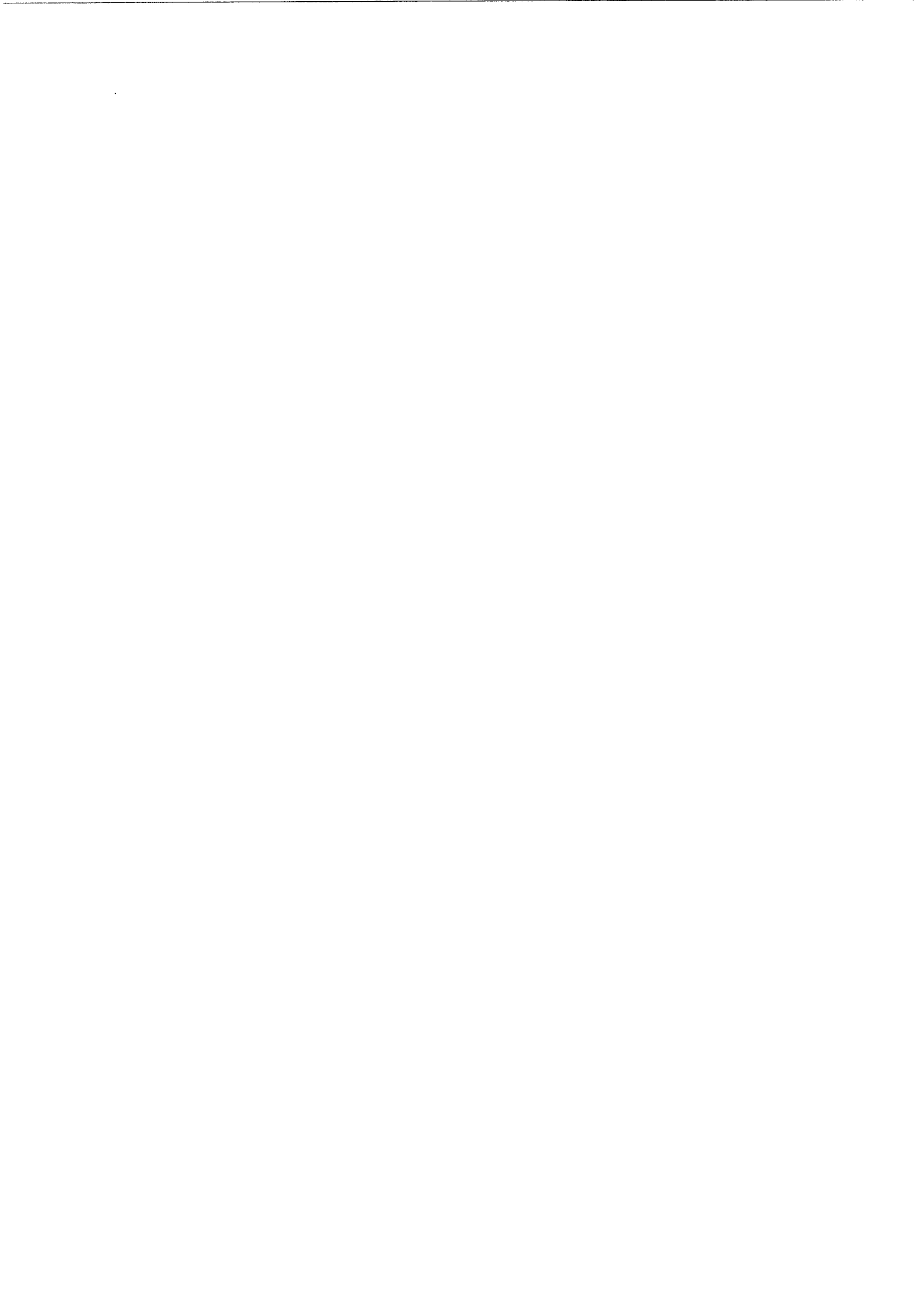
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14. Status Report for Switzerland





EIDGENÖSSISCHE BANKENKOMMISSION
COMMISSION FÉDÉRALE DES BANQUES
COMMISSIONE FEDERALE DELLE BANCHE
FEDERAL BANKING COMMISSION

Fax-No: 514 875 2669

Number of pages: 2

The original will not follow by mail.

Berne, July 19, 1996
Sti

IOSCO
Mr. Eudald Canadell
Secretary General
Montreal / Canada

**Implementation of the G30 Clearance and Settlement Recommen-
dations in the Countries of the TC Members**

Dear Mr. Canadell

We refer to your letter of June 11, 1996, and are pleased to provide you with the following information:

Status Report for Switzerland

Update of the G30 1994 Report as of July 1996:

The comparative Summary Table as shown by the 1995 G30 Report is still valid from a Swiss point of view. Switzerland fulfilled, already in 1992, all nine recommendations set up by the G30 and, with many improvements made in the years since 1992, those recommendations are even more surpassed today than they were in 1992.

This paper describes in a very short summary the changes that have occurred since 1994 (last detailed Status Report for Switzerland):



EIDGENÖSSISCHE BANKENKOMMISSION
COMMISSION FÉDÉRALE DES BANQUES
COMMISSIONE FEDERALE DELLE BANCHE
FEDERAL BANKING COMMISSION

- 2 -

SECOM

The SECOM System, the clearing and settlement system of SEGA (Swiss Securities Clearing Organisation), was implemented in 1995.

INTERSETTLE


INTERSETTLE, the Swiss Corporation for International Securities Settlements, has become operational in 1995.

EBS

EBS, the central Electronic Stock Exchange of Switzerland, has already started: The first migration step from the traditional "ring" to electronic trading took place in December 1995 in foreign shares. The migration process is now scheduled to be fully completed (all market segments) by the end of August 1996.

Yours sincerely

Secretariat of the
Swiss Federal Banking Commission



Franz Stirnimann



15. Status Report for the United Kingdom



**THE SECURITIES AND INVESTMENTS BOARD**

International Relations Department

FACSIMILE COVER SHEET

15 July 1996

To:	Eudald Canadell	FROM:	SIMON BENTLEY
COMPANY:	IOSCO	TEL No:	0171-382 0721
FAX No:	001 514 875 2669	FAX No:	0171-382 5904
TEL No:		NO. OF PAGES:	7
			(including this page)

MESSAGE:

Dear Eudald

Re: G30 Clearance and Settlement Recommendations

Please find attached the UK's update of the above. The answers in the table are unchanged but the notes have been amended to reflect the fact that CREST began today and will be fully operational in April 1997.

Yours sincerely,

A handwritten signature in cursive script, appearing to read 'Simon Bentley'.

Simon Bentley

Gavrolle House, 2-14 Bunhill Row, London, EC1Y 8RA : Switchboard: 0171-638 1240 : Main Fax: 0171-382 5900

Registered as a Limited Company in England and Wales No 1920623. Registered Office as above



UNITED KINGDOM

Securities and Investments Board

Note: CREST began on July 15, 1996 and will be fully operational in April 1997.

UK STATUS REPORT - JULY 1996

1. *All comparisons of trades between direct market participants (that is, brokers, broker/dealers, and other exchange members) should be accomplished by T + 1.*

Current Status

Achieved. The Stock Exchange's checking system, which matches approximately 96% of bargains by T + 1, has been in place since 1974. In addition, the Stock Exchange's SEQUAL system provides real-time market side trade matching resulting in comparison on T.

Projected CREST Status

Achieved. Trade confirmation processes continue, with the possibility of real-time processing services such as SEQUAL replacing the overnight checking matching service. The CREST system will not include any special trade confirmation features: delivery instructions will be matched or positively accepted as part of the settlement process.

2. *Indirect market participants (such as institutional investors or any trading counterparties that are not broker/dealers) should be members of a trade comparison system that achieves positive affirmation of trade details.*

Current Status

Partly achieved. Some UK institutions and, in many cases, overseas institutions are participants in ETC (Electronic Trade Confirmation) systems for the comparison and affirmation of trade details and allocations with their brokers. In addition, some UK institutions (and/or their custodian banks) are participants in the Stock Exchange's INS (Institutional Net Settlement) service permitting positive acceptance of trades with their brokers prior to market settlement.

Projected CREST Status

Partly achieved. ETC services will continue. The INS service will cease when CREST is initiated, and trade confirmation between institutional investors and brokers will switch to alternative routes. Will be partly achieved under CREST as the CREST system is voluntary.

3. *Each country should have an effective and fully developed central securities depository, organized and managed to encourage the broadest possible industry participation (directly or indirectly).*

Current Status

Partly achieved. Since 1979, the Stock Exchange's Talisman system has provided a dematerialized depository for dematerialized holdings of UK equity and corporate debt securities held by market principals (market makers and principal broker/dealers). Investors, who are excluded from holding stock within Talisman, continue to hold stock in certificated form directly or through custodians.

Projected CREST Status

Partly achieved. CREST will also record participants' stock positions in dematerialized form, in computerized stock accounts held in individual names, which may be nominees. The broadest possible industry participation will be provided for: market members, institutions, custodians, registrars and payment banks will be allowed direct participation. In addition, other types of investors will be permitted indirect participation. CREST will be fully developed and operational in April 1997.

4. *Each country should study its market volumes and participation to determine whether a trade netting system would be beneficial in terms of reducing risk and promoting efficiency.*

Current Status

Inappropriate. In the UK, all securities are settled-as-dealt (i.e., on a trade-for-trade basis). Netting of securities has been considered in depth by the UK securities industry and agreed to be inappropriate. Payments resulting from securities settlement processes are netted.

Projected CREST Status

Inappropriate. In Phase 1, the banks will make net payments between themselves at the end of the day. CREST is intended to be RTGS compatible. The considerations above apply. CREST will reduce the amount of payment netting, since there will no longer be a central counterparty. This is consistent with the reductions in systemic risk which are the objective of CREST.

5. *Delivery versus payment (DVP) should be employed as the method of settling all securities transactions.*

Current Status

Partly achieved. A DVP facility has existed in Talisman since 1979. However, although payments are made in cleared funds on settlement day, the Talisman deliveries of book entry stock are subject to registration of the delivered securities by the registrar, on average three days later.

Projected CREST Status

Achieved. The CREST system of securities delivery and assured payments will provide an effective form of DVP. The delivery of securities between CREST accounts will generate two instructions: a register update request and a payment instruction. The register update request will require the company registrar to respond within two hours confirming legal transfer of the stock. The payment obligation (on the purchaser's settlement bank to pay the vendor's settlement bank will be discharged by the settlement banks on the same day). These payments will be netted between the settlement banks across accounts held at the central bank.

The introduction of real-time gross settlement at the end of 1995 will offer an opportunity to improve payment security still further through real-time collateralized payments between settlement banks. CREST will include an RTGS interface at the earliest practicable opportunity.

6. *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 conventions.*

Current Status

Achieved. Since 1979, payments to and from the Stock Exchange in respect of Talisman settlement have been in same day funds. Payments are made by electronic transfer through the clearing banks' CHAPS inter-bank payment system or within individual banks by intra-branch transfers. Both methods utilise same day funds.

Projected CREST Status

Achieved. CREST will continue payments in same day funds. In due course, Real Time Gross Settlement of funds will improve the security of payments.

7. *A "rolling settlement" system should be adopted by all markets. Final settlement should occur on T + 3.*

Current Status

Partly achieved. 10-day rolling settlement was introduced on July 18, 1994. Upon agreement between trading parties, faster settlement can be arranged for any number of days from T + 2 to T + 9. The intention is to move to standard settlement at T + 5 in 1995.

Corporate debt issues are settled on T + 7 calendar days (in harmony with the Eurobond markets). Gilts and money-market instruments are settled on T + 1 business day.

Projected CREST Status

Partly achieved. CREST will permit faster rolling settlement, including same day settlement. The intention will be to shorten standard settlement still further, from T + 5.

8. *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 securities lending should be removed.*

Current Status

Achieved. Lending and borrowing of securities has been permitted, regulated and encouraged in the UK since 1967. Talisman provides comprehensive facilities for the agreement, settlement, revaluation, management and return of stock loans. Securities positions held within Talisman can be used by borrowers as collateral for stock loans. Practices are being adapted to meet shorter rolling settlement planned for 1995.

To encourage activity, the Stock Borrowing and Lending Committee publishes a public information booklet explaining the principles involved and the regulation of securities lending and borrowing.

Projected CREST Status

Achieved. CREST will include functionality permitting settlement, revaluation and return of stock loans. The provision of collateral within CREST will be provided by the automated Deliveries by Value (DBV) system, with improved visibility and control of collateral.

9. *Each country should adopt the standard for securities messages developed by the International Organization of Standardization (ISO Standard 7775). In particular, countries should adopt the ISIN numbering system for securities issues as defined in the ISO Standard 6166, at least for cross-border transactions.*

Current Status

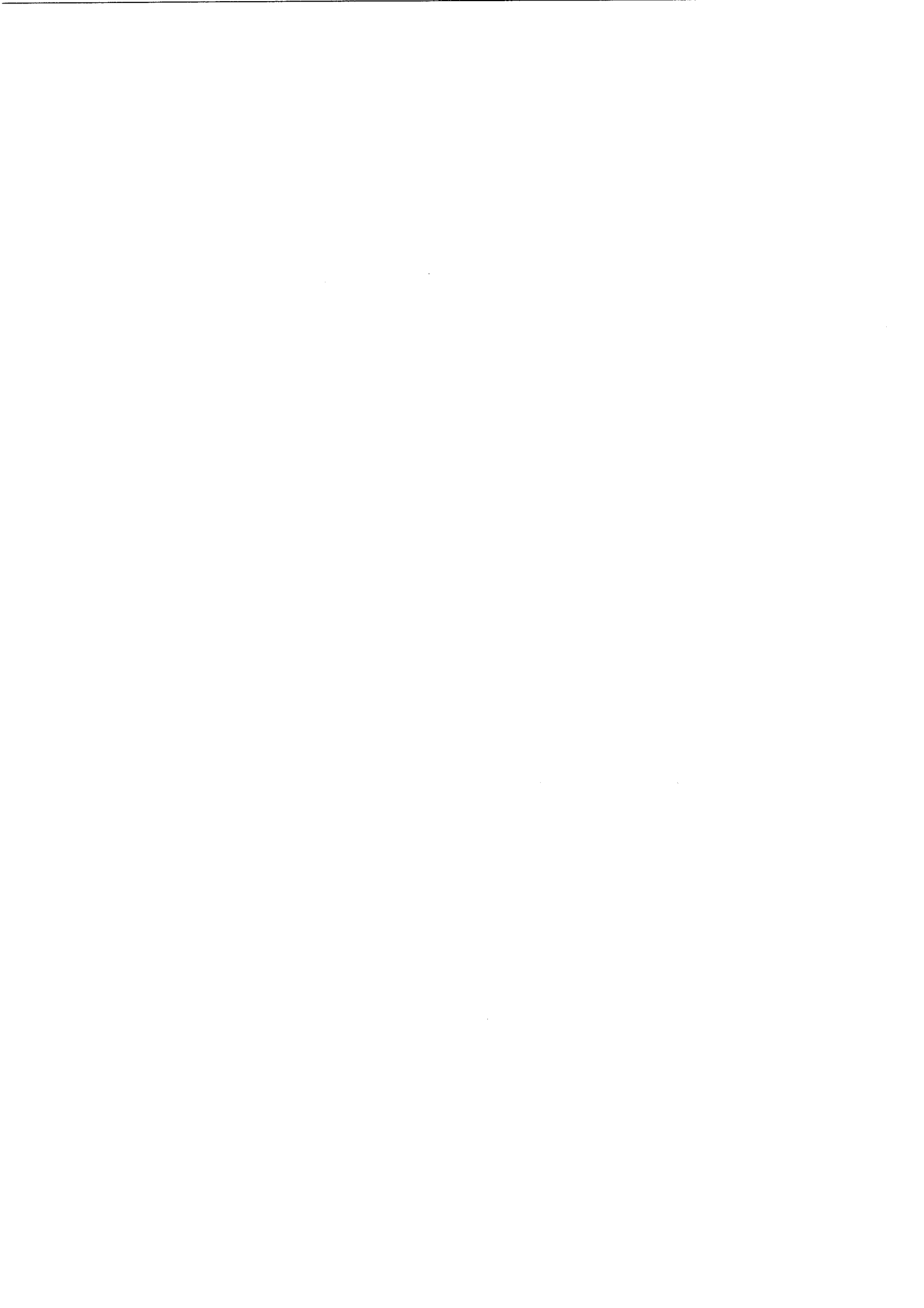
Achieved. Messages complying to the ISO Standard 7775 are not entirely suitable for use between participants and central settlement systems. However, they are suitable and are used widely in communicating settlement information between UK-based domestic and global custodian banks and their institutional investor customers. ISITC Europe message formats (based on the ISO Standard 7775) are also being introduced.

ISO Standard 6166 ISIN numbers were introduced throughout the Stock Exchange's Talisman equity settlement system in early 1992. The SEQUAL system has used ISIN numbers since it was introduced in 1988.

Projected CREST Status

Achieved. CREST messages will be based on the ISO Standard 7775 and use the ISIN numbering system to identify securities.





16. Status Report for the United States of America



DIVISION OF
MARKET REGULATION

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

July 3, 1996

R E C U

04 JUL 1996

AIR MAIL

Eudald Canadell
Secretary General
International Organization of Securities Commissions
C.P. 171, Tour de la Bourse - 800
square Victoria
42 étage
Montreal (Quebec)
H4Z 1C8 Canada

Re: Implementation of the Group of Thirty Recommendations
in the United States

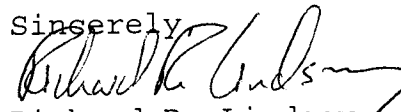
Dear Mr. Canadell:

Thank you for your letter, dated June 11, 1996, concerning the status of the Group of Thirty ("G-30") recommendations regarding clearance and settlement in the United States ("U.S."). We have reviewed the Report on the Implementation of the G-30 Recommendations on Clearing and Settlement by the Members of the Technical Committee dated June 1995.

The summary table on the present implementation of the G-30 recommendations from that 1995 report indicates that the U.S. has implemented all of the G-30 recommendations except Recommendation 6, the conversion to a same-day funds settlement system. I am pleased to advise you that the conversion to a same-day funds settlement system for corporate and municipal securities transactions in the U.S. was successfully completed on February 22, 1996. The conversion to same-day funds settlement should eliminate overnight credit risk and achieve closer conformity with the payment methods used in other U.S. markets such as the derivatives markets and government securities markets. Accordingly, the summary table should be revised to indicate that Recommendation 6 has been fully implemented in the U.S.

If you have any questions, please contact me at 202/942-0090 or Larry E. Bergmann, Senior Associate Director, at 202/942-0770.

Sincerely,



Richard R. Lindsey
Director



