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Regarding the provisions quoted in the response below, as far as possible, hyperlinks to these provisions (in the respective language or, if available, in English) are set out in Document CESR/04-075 for each country.

IMPORTANT NOTICE

In the interest of transparency and to inform interested parties, CESR has published the following (together the “Tables”):

- *the Correspondence Tables on the CESR Standards for Investor Protection (Ref. CESR/03-416b to 423b, CESR/03-134/Country);*
- *the Correspondence Tables on the CESR Standards for Alternative Trading Systems (Ref. CESR/03-415b, CESR/03-135/Country);*
- *the Synthesis Tables (Ref. CESR/03-427b and CESR/03-432b);*
- *the List of Alternative Trading Systems currently operating in Member States¹ (Ref. CESR/03-497b);*
- *the explanatory notes and caveats attached to the Tables.*

The Tables were produced by the Members of CESR¹ within the constraints of and solely for the purposes of the CESR Review Panel process of monitoring the status of implementation of the CESR Standards for Investor Protection² and the CESR Standards for Alternative Trading Systems³ in Member States.

The Tables have no legal effect; they do not present any interpretation of, or definitive position on, existing law or regulation in any jurisdiction. The Tables should not be relied upon for any purpose other than the purpose for which they were prepared. In particular, they should not be relied upon as a substitute for, or as guidance on, any aspect of the regulatory system of any Member State or as a defence in supervisory activities or enforcement proceedings; and they cannot be used to restrict competent authorities in taking regulatory or enforcement actions.

The information set out in the Tables is the response of each Member’s self-assessment. For this reason, the content of the Tables regarding a particular Member State has been prepared solely by the relevant Member on a best-efforts basis. (In a next step, the CESR Review Panel is going to conduct a common and collective peer exercise in reviewing the responses from all Members.) In case of discrepancy between the tables containing the responses from all CESR Members and the tables containing the individual responses from a particular CESR Member, the latter should be referred to.

The Tables provide a “snap shot” and will be up-dated on a regular basis to take account of regulatory developments in Member States. Therefore, they cannot be considered as fully finalised or definitive reflections of regulatory provisions in Member States. The Tables should also be read in light of current and future developments in the formulation of the proposed Directive on Markets in Financial Instruments (“ISD2”) and the future Level 2 implementing measures, and without prejudice to the position of any Member State in those developments.

For a more detailed account of the process, methodology and first, interim results, please see the “First Interim Report” by the Review Panel (Ref. CESR/03-414b).

¹ For reasons of simplicity, the term “Member” in this context refers to all participants in the Review Panel, i.e. CESR Members, CESR Observers, and the Polish securities regulators; this applies to the term “Member State” accordingly.

² “A European Regime of Investor Protection - The Harmonization of Conduct of Business Rules” (Ref. CESR/01-014d, April 2002) and “A European Regime of Investor Protection – The Professional and the Counterparty Regimes” (Ref. CESR/02-098b, July 2002).

³ Ref. CESR/02-086b, July 2002.

CORRESPONDENCE TABLE ON STANDARDS FOR ALTERNATIVE TRADING SYSTEMS
(REF. CESR/02-086B)

UNITED KINGDOM

1. Market Integrity Standards fro Alternative Trading Systems

Standard	Implementing authority(ies)	Implementing measure ⁴⁵	Comments
<i>1. Investments firms should be required by their home state regulatory authority to notify the establishment of a qualifying system. They should also notify the home state regulatory authority (and, where different, the home state regulatory body in that member state responsible for the oversight of markets) of its key features and significant changes to its operation.</i>	FSA	New guidance has been inserted (Chapter 5.3) in our Market Conduct sourcebook, referring to existing guidance in our Supervision manual to this effect.	

⁴ Any derogation to the application of the implementing measures should be mentioned.

⁵ More details of Handbook text can be found in our Policy Statement at www.fsa.gov.uk/pubs/policy/ps153

<p><i>2. Investment firms operating a qualifying system should establish trading arrangements that result in fair and orderly trading.</i></p>	<p>FSA</p>	<p>New guidance has been inserted in Chapter 5.4 of our Market Conduct sourcebook, stating that the FSA will impose requirements on the permission (licence) of an ATS operator to the effect that ATS operators must, in relation to the operation of an ATS, have appropriate arrangements in place designed to ensure:</p> <ul style="list-style-type: none"> (a) efficient pricing and the equitable treatment of users; (b) a trading methodology that enables fair and orderly trading; and (c) that sufficient information about quotes, orders and completed transactions is made available to users. <p>These requirements will enter into force on 1 April 2004.</p>	<p>After consultation, it was decided that it would be inappropriate to require an ATS to provide the ‘best price’ to its users where they are market counterparty users. Moreover, it was considered that imposing such a requirement is unnecessary because users of an ATS can seek to obtain the best price by conducting multiple simultaneous negotiations.</p>
<p><i>3. An investment firm operating a qualifying system providing trading in an instrument traded on a regulated market must make publicly available, on a reasonable commercial basis, information about quotes and/or orders that the qualifying system displays or advertises to the system users. Similarly, operators must make publicly available, on a reasonable commercial basis, information relating to completed transactions that the system provides to users.</i></p>	<p>FSA</p>	<p>New guidance has been inserted in Chapter 5.4 of our Market Conduct sourcebook, stating that the FSA will impose requirements on the permission (licence) of an ATS operator that</p> <ul style="list-style-type: none"> (a) the firm must, in relation to the operation of an ATS, have appropriate arrangements in place to make publicly available information about quotes or orders or both relating to shares traded on the ATS that the ATS displays or advertises to users; and (b) the firm must, in relation to the operation of an ATS, have appropriate arrangements in place to make publicly available information about the price, volume and time of completed transactions for investments traded on the ATS. <p>These requirements will enter into force on 1 April 2004.</p>	<p>In response to strong representations received during the consultation process, the pre-trade transparency requirement will only extend to equities systems and equities price-taking and request for quote systems are further exempted.</p> <p>Post-trade transparency requirement will extend to all systems (including commodities systems) and will be tailored to the nature of the investments traded on the ATS. For example, post-trade transparency obligations will only apply to “benchmark bonds”. We envisage the benchmark bonds category to include securities such as EU Government debt, supranationals and AAA-rated corporates with a primary issue size of at least £1 billion or equivalent at the time of issue. There are also a number of exemptions for particular products such as FX and interest rate derivative products which are not exchange-traded.</p>

<p>4. Investment firms operating a qualifying system should monitor user compliance with the contractual rules of the system.</p>	<p>FSA</p>	<p>New guidance has been inserted in Chapter 5.4 of our Market Conduct sourcebook, stating that the FSA will impose a requirement on the permission (licence) of an ATS operator to the effect that an ATS operator should make appropriate arrangements for the monitoring for, and reporting of, breaches of rules relating to fair and orderly trading. The ATS operator will also be required to provide FSA with appropriate assistance.</p> <p>This requirement will enter into effect on 1 April 2004.</p>	<p>In response to strong representations received during the consultation process, we have limited the scope of the requirement to breaches of rules relating to fair and orderly trading rather than all system rules.</p> <p>To note - This standard has been combined with Standard 5 below into a single requirement modelled on the draft revised ISD text.</p>
<p>5. Investment firms operating a qualifying system should, where their home state regulatory authority requires it for the purposes of investor protection and market integrity, establish arrangements with that authority to facilitate satisfactory monitoring of the markets in the instruments traded and the detection of market abuse.</p>	<p>FSA</p>	<p>New guidance has been inserted in Chapter 5.4 of our Market Conduct sourcebook, stating that the FSA will impose a requirement on the permission (licence) of an ATS operator to the effect that an ATS operator should make appropriate arrangements for the monitoring for, and reporting of suspected market abuse. The ATS operator will also be required to provide FSA with appropriate assistance.</p> <p>This requirement will enter into effect on 1 April 2004.</p>	<p>To note - This standard has been combined with Standard 4 above into a single requirement modelled on the draft revised ISD text.</p>

<p><i>6. Investment firms operating a qualifying system should be able to demonstrate to the relevant home state regulatory authorities that the system is capable of delivering the proposed service, that there are satisfactory arrangements for the management of the technical operation of the system and that there are satisfactory contingency arrangements in the event of system disruption.</i></p>	<p>FSA</p>	<p>This point is adequately covered by existing provision of our Handbook:</p> <ul style="list-style-type: none"> (a) SYSC 3.1.1R, which states that a firm must take reasonable care to establish and maintain such systems and controls as are appropriate to its business; (b) SYSC 3.2.19G, which states that a firm should have appropriate arrangements, having regard to the nature, scale and complexity of its business, to ensure that it can continue to function and meet its regulatory obligations in the event of an unforeseen interruption; (c) Threshold Condition 4, which requires a firm to have adequate resources to carry on its regulated activities; and (d) Principle 3, which states that a firm must take reasonable care to organise and control its affairs responsibly and effectively, with adequate risk management systems. 	
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<p><i>7. Investment firms operating qualifying systems should ensure that there is clarity of obligations and responsibilities for the clearing (where applicable) and settlement of transactions.</i></p>	<p>FSA</p>	<p>New guidance has been adopted and will be inserted into our Authorisations manual to the effect that, if an applicant for permission who wishes to operate an ATS intends to assume responsibility for the clearing or settlement of transactions effected using the ATS, the applicant should provide sufficient information with its application to demonstrate that it has adequate arrangements in place to ensure efficient clearing or settlement (as the case may be) of the transactions. In addition, a new provision will be inserted in our Conduct of Business sourcebook which requires existing ATS operators that have private and intermediate customers to include information about the arrangements for the clearing and settlement of transactions including the respective obligations and responsibilities (if any) of the ATS operator and the customer in relation to clearing and settlement.</p> <p>These new guidance and provisions will both be included in FSA's Handbook and enter into force on 1 April 2004.</p>	
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2. Application of Conduct of Business Rules to Alternative Trading Systems

Standard /Rule	Implementing authority(ies)	Implementing measure	Comments
<p><i>8. Investment firms operating a qualifying system should make clear the nature of the relationship between operator and user.</i></p>	<p>FSA</p>	<p>In relation to private and intermediate customers, existing provisions of our Conduct of Business manual require a written agreement to be in place. Guidance has been adopted and will be inserted on 1 April 2004 in the Inter-professional Conduct Chapter of our Market Conduct sourcebook requiring the roles of ATS and user to be made clear for market counterparty users.</p>	
<p><i>9. Investment firms operating a qualifying system should supply sufficient information about the system to enable a user to use the system efficiently and to understand any risks arising in using the system.</i></p>	<p>FSA</p>	<p>New provisions have been adopted and will be inserted on 1 April 2004 in our Conduct of Business manual requiring firms to provide a list of specified information, derived from the guidance in the CESR Standards document.</p> <p>These provisions do not apply to market counterparty users of ATSS; however the guidance referred to in point 8 above is relevant to this issue as well.</p>	

<p><i>10. Investment firms operating a qualifying system should provide, or be satisfied that there is access to, sufficient publicly available information to enable users to form an investment judgement, taking into account both the nature of the users and the type of instruments traded.</i></p>	<p>FSA</p>	<p>New guidance has been inserted in Chapter 5.4 of our Market Conduct sourcebook, stating that the FSA will impose a requirement on the permission (licence) of an ATS operator to the effect that the firm must, in relation to the operation of an ATS, provide, or be reasonably satisfied that there is publicly available, sufficient information to enable users who are customers to make a reasonably informed judgement about the value of each investment traded on the system and the risks associated with that investment. The requirement will not however apply to market counterparty users of ATSS. This is in response to strong representations received during the consultation process and the argument that ATS users who are market counterparties will often have better investment information about instruments that the ATS operator will.</p>	
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