



*Before printing this document, please be aware of its size!*

*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 States<sup>1</sup> (Ref. CESR/03-497b);*
- *the explanatory notes and caveats attached to the Tables.*

*The Tables were produced by the Members of CESR<sup>1</sup> 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 Protection<sup>2</sup> and the CESR Standards for Alternative Trading Systems<sup>3</sup> 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).*

<sup>1</sup> 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.

<sup>2</sup> “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).

<sup>3</sup> Ref. CESR/02-086b, July 2002.

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

1. Market Integrity Standards for Alternative Trading Systems

Standard 1	<i>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>		
Country	Implementing Authority(ies)	Implementing Measure <sup>4</sup>	Comments
AUSTRIA			<p>The Standards have not been implemented, as there are no ATS operating in Austria. Following the CESR Charter, the FMA initiated talks with the Austrian authority competent for the transposition of these standards.</p> <p>Any investment services outlined in Annex A of the ISD can be notified including those investment services of the Annex, which could be executed via an ATS.</p>
BELGIUM	Banking, Finance and Insurance Commission (CBFA)	Law of 6 April 1995 (statute of the investment firms) and Law of 22 March 1993 (credit institution) provide that applications for authorization must be accompanied by a programme of activities complying with the conditions laid down by the CBFA. Establish-	This regulatory framework has been completed with some explicit requirements for entities intending to operate an ATS. Those requirements are part of the Law of 2 August 2002 concerning the supervision of the financial sector and financial services (cf Articles

<sup>4</sup> Any derogation to the application of the implementing measures should be mentioned.

<sup>5</sup> ATTACHEMENT

Extract of the Law of 2 August 2002 concerning the supervision of the financial sector and financial services

**Article 15.** Upon the recommendation of the CBFA, the King may determine rules regarding the organization, operation and supervision of secondary markets for financial instruments that are not regulated markets, as well as of alternative trading systems (ATS) for financial instruments that apply trade-matching and order-execution systems comparable to those applied by such secondary markets, insofar as such markets or systems are organized in Belgium.

The rules referred to in paragraph 1 may concern, more particularly:

1° access to the market or system concerned, according to transparent criteria;

2° the existence of transparent and non-discretionary rules for trading, permitting participants to obtain, in the market or system concerned, the best price available at a given time and for the type and size of the order in question;

3° the application of adequate mechanisms and procedures to prevent and to detect market manipulation;

4° publication of information concerning supply and demand, and in respect of transactions executed; the rules referred to shall take account of the various risk profiles that the markets and systems concerned present in consequence of their structure, the expertise of their participants and the types of financial instrument traded on and within them.

Those same rules may also state that the markets or systems referred to in paragraph 1 may be organized only by market operators authorized pursuant to Article 16 or by credit institutions or investment firms referred to in Article 2, 10°, a), b), d) or e), whose authorization specifically covers the organization of such markets or systems. In respect of credit institutions and investment

		ing and operating an ATS must be considered as an activity which should be notified to the CBFA, either at the outset of the authorisation procedure (new entities) or prior to the starting up of the ATS (for existing investment firms). The said Laws also require firms to have a structure, procedures and controls which are appropriate to the activities proposed. On top of that, the CBFA has the power to impose specific requirements to investment firms operating an ATS.	15 and 17). <sup>5</sup>
DENMARK	The Ministry of Economic and Business Affairs	Financial Business Act, section 14, par. 2.  An investment firm must inform the competent authority of its main areas of activity in order to gain authorisation.	General remark: The Minister on Economic- and Business Affairs will introduce a bill to the Parliament allowing for the complete implementation of the standards on ATSS. If the bill is passed by the Parliament, the ATS Standards will be implemented by the end of 2004. The bill has been drafted and is currently undergoing a public consultation procedure that is obligatory prior to presentation to the Parliament.  There is no explicit obligation to make a notification to the regulator when an investment firm changes areas of activity. The Danish regulation implies that if investment firms operate a market where listed securities are dealt in regularly to a major extent, the supervisory Authority may, according to section 16, paragraph. 2, decide that it shall fulfil the same provisions as a regulated market.
FINLAND	Provisions applicable to 'another trading procedure organised on a professional basis' (hereinafter Another Trading Procedure) in the Finnish Securities Markets	Chapter 3, Section 16, Paragraph 2 of the SMA requires the organiser of Another Trading Procedure to notify the Financial Supervision Authority (hereinafter Rahoitustarkastus) of the rules of its trading procedure and any amendments thereto prior to their entry into force. Please see the minimum content requirements applicable to the rules of Another Trading Procedure below (im-	<b>Scope of the Implementing Measures</b>  In addition to investment firms and credit institutions, authorised stock exchanges may also organise Another Trading Procedure (cf. the CESR Commentary on Definition and Differentiation).

firms governed by Belgian law, those same rules may lay down conditions similar to those referred to in Article 17, § 1, 5° and 6°, and, insofar as those credit institutions and investment firms provide other investment services or trade financial instruments for own account, specific provisions for the avoidance of conflicts of interests arising from those other activities.

**Article 17.** § 1. In order to be recognized as a market operator, an operator shall satisfy the following conditions:

1° the operator shall be established as a commercial company;

2° the purpose of the company shall be limited to the organization of one or more secondary markets for financial instruments and, as the case may be, to activities that are not of a nature to be prejudicial to the interests of investors or the proper operation, integrity and transparency of the markets organized by the operator;

3° natural or legal persons that, either directly or indirectly, hold at least 10 per cent of the operator's capital or voting rights shall possess the necessary qualities to ensure sound and prudent management of the company;

4° the individuals charged with the effective management of the operator and, as the case may be, of the group it forms part of shall possess the necessary professional trustworthiness and adequate experience to exercise such functions;

5° the operator shall have adequate financial resources at its disposal for the establishment of such markets, and the financial position of the group it may form part of shall be sufficiently solid to ensure that no risks arise that could be prejudicial to the interests of investors or the proper operation of those markets;

6° the operator shall have an adequate management structure, administrative and accounting organization and internal audit in order to guarantee the proper operation, integrity and transparency of the markets that it organizes;

7° the operator shall have mechanisms and procedures in place to prevent and detect market manipulation;

8° the operator's accounts shall be audited by one or more company auditors registered on the list of auditors recognized by the CBFA;

9° the structure of the group to which, as the case may be, the operator belongs shall not hamper the supervision exercised by the CBFA.

	<p>Act (hereinafter the SMA) are enacted by the Parliament.</p> <p>The Act on Credit Institutions and the Act on Investment Firms are also enacted by the Parliament.</p> <p>The Decrees on the Content of the Applications for Authorisation of an Investment Firm and of a Credit Institution are enacted by the Ministry of Finance (hereinafter MoF) under the respective Parliament acts</p> <p>Compliance with the Parliament acts and provisions issued thereunder, as well as compliance with the rules, regulations and contract terms relating to Another Trading Procedure in securities is supervised by the Financial Supervision Authority (hereinafter Rahoitustarkastus)..</p>	<p>plementing measures in relation to Standard 2).</p> <p>Under Section 9, Paragraph 6 of the Act on Investment Firms, a firm applying for an investment firm status must provide Rahoitustarkastus with all the information required by the MoF Decree on the Content of the Applications for Authorisation of an Investment Firm. The Decrees cover, among other things, the topics listed in the CESR Commentary on Standard 1.</p> <p>Furthermore, Section 15 Section 2 of the Act on Financial Supervision Authority (hereinafter FSA Act) empowers Rahoitustarkastus to require – on an ad hoc basis - supervised entities, including investment firms, credit institutions and stock exchanges, to provide whatever information Rahoitustarkastus deems necessary for the performance of its duties.</p>	<p>The provisions on Another Trading Procedure only apply to trading in 'securities' as defined by Chapter 1, Section 2 of the SMA. However, according to Chapter 3, Section 16, Paragraph 1 of the SMA trade may not be carried out in Another Trading Procedure in securities subject to the public trade referred to in Chapter 1, Section 3 of the SMA (i.e. Finnish regulated markets).</p> <p>The SMA itself does not specifically define Another Trading Procedure, but some guidance can be found in the governmental bill. The guidance, however, implies some deviations from the definition of ATS in the CESR standards, summarised as follows:</p> <ul style="list-style-type: none"> <li>• The bill also refers to 'multilateral' systems but implies that a system in which the organiser enters into every trade as a counterparty may also constitute Another Trading Procedure (cf. the CESR Commentary on Definition and Differentiation)</li> <li>• The bill implies that a crossing network may not be regarded as Another Trading Procedure (cf. the CESR Commentary on Definition and Differentiation).</li> <li>• The bill characterises Another Trading Procedure (as distinct from brokerage or dealing) as an automated matching system which brings interests together in such a way that results in an irrevocable contract. Since the CESR Definition intends to cover 'any process' instead of automatic matching and includes all electronic and non-electronic parts of a system, the scope of the provisions applicable to Another Trading procedure may not cover all qualifying systems.</li> </ul>
FRANCE <sup>6</sup>	AMF	Decision 2003-02 Article 1	
GERMANY	Legislator, Exchange Supervisory Authorities of the Bundesländer	Sec. 58 BörsG (Exchange Law)	
GREECE			There is no ATS currently operating in the country concerned, and no specific legislation has been enacted to regulate such systems. An investment firm licensed in another Member State would not be restricted from providing ATS activities in the country concerned, according to the CESR definition.

<sup>6</sup> General comment: Article 2-1-4 of the General Regulations of the CMF has been modified in order to include the operation of ATSs in the definition of the service of execution of orders for third parties. This modification has been approved by the Minister of Finance on 25 July 2003 and published in the Official Journal of the French Republic on 14 August 2003. Decision 2003-02 of the CMF has been adopted on 1 October 2003 and published in the Official Bulletin of the CMF on 10 October 2003.

ICELAND <sup>7</sup>	Parliament	According to Act on Financial Undertakings No. 161/2002 (Financial Undertakings Act), chapter II. Investment firms are required to apply for an operating licence before commencing operation. The operating licence must indicate what type of authorisation is involved, what activities subject to licence may be carried out on the basis of the same, and what other activities are to be carried out in accordance with Chapter IV of the Act. Moreover, according to the temporary provisions of the Act, a financial undertaking currently operating at the time the Act entered into force, may not subsequently commence new activities unless it notifies the Financial Supervisory Authority of such in advance.	The FME has deemed the referred articles sufficient, since an establishment of an ATS would fall within the scope of the Act. A detailed implementation awaits revision of the Stock Exchange Act.
IRELAND	IFSRA	GS&RR, Section 1.1, page 2 The provisions of the Investment Intermediaries Act, 1995 & the Stock Exchange Act, 1995, also apply.	Note In the case of investment firms operating as ATSs the CESR Standards will be imposed on a case by case basis.
ITALY	CONSOB	Paragraph 4 of CONSOB Resolution No. 14035 of 17 April 2003 (hereinafter the Resolution)	
LUXEMBOURG			As there is no alternative trading system in Luxembourg, the questionnaire is not applicable. The CSSF plans however to implement the standards for Alternative Trading Systems into Luxembourg legislation by circular.
NETHERLANDS <sup>8</sup>	Ministry of Finance, AFM	Act on the Supervision of the Securities Trade 1995 Section 7 (1) and (7) Decree on the Supervision of the Securities Trade 1995 Article 20 (c) - (g), (j) –(r) Article 22 (1) (a) – (h), (5)  <b>License</b> On the basis of article 7, under 7, of the Act, a restriction has been inserted in the relevant license which not only requires the licensee to notify the supervisory authority any change in the trading system, but also to ask for <i>approval</i> of this system.	ATS's are considered securities firms, which must adhere to the regulations set in law. Although the law does not mention ATS's specifically, certain requirements can be taken up in the licenses of ATS's, thus meeting CESR ATS-standards.
NORWAY <sup>9</sup>	Parliament	Requires an additional provision in the Securities Trading Act	Not implemented

<sup>7</sup> Comments: As a general comment the FME would like to note that there are currently no ATSs being operated in Iceland, and the establishment of such a system is not foreseen in the near future. Therefore the FME has not felt overly concerned with implementation of the ATS standards. Moreover, current legislation is in many respects sufficient for the FME to monitor potential ATS's and make requirements according to the ATS standards, without resorting to a regulation especially directed at ATSs. Where special measures are deemed necessary by the FME implementation is foreseen in relation with implementation of the Market Abuse Directive. However, a revision of the Act on Stock Exchanges and Regulated OTC markets (Stock Exchange Act) no. 34/1998 is in preparation by a special committee. Proposal for a revised Act is expected to be submitted to the Parliament for approval in the Fall 2004. The FME will bring the subject of the ATS to the Committees attention and seek necessary amendments in the legislation to complete implementation of the ATS standard. However, the subject is not likely to receive a high priority given the fact that ATSs are not currently being operated in Iceland and such operation is not foreseen in the near future.

<sup>8</sup> As a general comment it should be noted that currently within the Netherlands there is only one investment firm that performs activities as a qualifying system. The present Act on the Supervision of the Securities Trade 1995 gives us the opportunity to lay down specific regulations to protect the investor and promote the efficiency of the market. We have used this article in the case of the qualifying system to attach specific conditions to the licence of the firm that are relevant to the operator of a trading system in the interest of the investor and to promote the efficiency of the market. In the license that has been granted AFM reserves the right to alter its assessment about the trading system, should this be necessary in light of national and international developments. Our licensee has been given a license in the following category: Further Regulations on Market Conduct Supervision of the Securities Trade 2002: Article 1 In these Regulations, the following definitions shall apply: h. securities services: 2. the receipt of orders from clients relating to financial instruments and the execution or the causing of the execution of those orders for the account of these clients and the bringing together of buyers and sellers in other ways in connection with transactions in financial instruments;

PORTUGAL		Foreseen in article 2.º , 3.º and 5.º of CMVM project of Regulation	It is required a registration process with CMVM that has to be instructed by several documents and demonstrations; CMVM must be informed of any amendments to the information and documents of which the registration was granted.
SPAIN <sup>10</sup>	Government/ CNMV	According to article 31.4 of the Spanish Exchange Act (Law 24/1998), the establishment of any trading system not considered official market will require the approval of the Government after receiving a favourable report by the CNMV.	
SWEDEN	Finansinspektionen [FI] (Swedish Financial Supervisory Authority)	In Sweden, investment firms can organise trading as a result of authorisation. This means that the trading would be covered by the existing authorisation and supervisory process. Firms are required to supply FI with detailed information on their activities (including start-up of new activities). FI would assess that information and demand necessary changes.	The general importance of operating a qualifying system has led FI to contemplate the need for an explicit expression in the law governing investment firms. As a general comment Finansinspektionen follows a timetable for gradual implementation of the standards and rules. The first step was taken during 2002 with the implementation of some of the rules and the next step is due during 2004 when additional standards and rules will be implemented. The final step towards full implementation will start during 2004.
UNITED KINGDOM	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. <sup>11</sup>	
CYPRUS		Non applicable	There is no ATS currently operating in Cyprus and no specific legislation has been enacted to regulate such systems. However, an investment firm licensed in another Member State to provide ATS activities, will not be restricted from providing such activities in Cyprus according to the CESR definition
CZECH REPUBLIC			There is no implementation of the ATS regulation in the Czech Republic. Our legal framework does not recognise this kind of market participants. Although the Czech Securities Commission repeatedly reminded to the Ministry of Finance responsible for the primary legislation to implement the ATS regulation there is still no draft of it yet.
ESTONIA		Changes in the SMA, new provisions on ATS (MTF) and transparency requirements.  Guideline of Finantsinspektsioon implementing CESR standard for ATS, indicative timeframe end of Q 1 2004.	The SMA recognizes only an institute of regulated market and stock exchange. According to the SMA § 3: "A regulated securities market (hereinafter regulated market) is a system of organisational, legal and technical measures directly or indirectly accessible to the public which is established for the purpose of enabling regular trade with

<sup>9</sup> There are no Alternative Trading Systems in Norway. Nevertheless we have established a working group that will follow up the implementation of the new ISD, their implementing measures and the CESR ATS standard, covering these issues. As of today we have no rules or regulations regarding ATS's. Should any ATS be established in Norway before regulation is in place, the CESR ATS standards would be followed as far as it would be legally and practically possible

<sup>10</sup> Introduction: In Spain all ATS are operating under the form of organised trading systems and all of them comply satisfactorily with the Spanish provisions to get fair and orderly trading activity. Accordingly, trading systems have a legal entity different from Investment Firms (except one electronic trading platform of public debt) although Investment Firms can be the owners of a trading system and are also competent to rule/manage any trading systems provided that they carry out this activity exclusively. It is our opinion that investment firms operating qualifying systems seek their recognition and their approval by the competent authority, although taking into account the main characteristics of each trading platform. Accordingly, this questionaire was answered taking into consideration that ATS operating in our jurisdiction have the legal form of trading systems or market segments. However, any change in the European legal framework regarding this issue, particularly those introducing by the amended ISD will be adequately dealt with in our legislation.

<sup>11</sup> More details of Handbook text can be found in our Policy Statement at [www.fsa.gov.uk/pubs/policy/ps153](http://www.fsa.gov.uk/pubs/policy/ps153)

			<p>securities and which enables different persons to make offers to each other, whether simultaneously or not, for conducting transactions with securities, and to conduct transactions with securities.”</p> <p>In order to operate a regulated market as a permanent area of activity, a corresponding activity licence shall be applied for from the Supervision Authority. A separate activity license shall be applied for for operating each market.</p> <p>An operator shall, through its management and organisational structure, ensure the regular and lawful operation of the market and supervision of the participators and issuers on the market and the activities thereof.</p> <p>At the moment there is no system that would fall under the ATS regulation described in CESR standards in Estonia.</p>
HUNGARY			<p>Alternative trading systems are not operating in the Hungarian capital market and there is no regulation on them according to the Act CXX of 2001 (hereinafter: CMA) in contrast with new ISD.</p> <p>There are two regulated exchanges in Hungary, namely the Budapest Stock Exchange Ltd. and the Budapest Commodity Exchange, both of them are supervised by the Hungarian Financial Supervisory Authority (hereinafter: HFSA).</p> <p>The OTC market is exempt from registration however HFSA has information about the turnover. Investment service providers are required to report regularly to the HFSA on their activities on the OTC market. Information must be given on a daily, weekly basis.</p> <p>Presently there is no intention in reference to introduce ATS in the Hungarian capital market.</p>
LATVIA		The laws or FCMC regulations do not regulate this issue.	<p>Currently in Latvia there are no provisions of law or regulations of the Financial and Capital Market Commission applicable to ATS. The issue is not of practical importance, as there are no ATS in Latvia.</p>
LITHUANIA	For all the items implementing authority is Lithuanian Securities Commission	Not regulated	
MALTA	Malta Financial Services Authority (“the MFSA”)	<p><b>N.B. [Please consider the explanation provided in the next column before proceeding.]</b></p> <p>Any person (including an investment firm) wanting to provide the services of an investment exchange, which is interpreted <i>inter alia</i> to include <i>the provision of a system which brings together multiple third parties buying and selling interests in financial instruments</i>, requires a recognition order issued in terms of article 4 (1) (a) of the Financial Markets Act 1990 (FMA).</p> <p>To qualify for a recognition order an applicant is required to prove to the MFSA that it satisfies the recognition requirements set in Legal Notice 3 of 2003. In satisfying the recognition requirements an applicant may, to the satisfaction of the MFSA, outsource any of its functions.</p> <p>In view of the rules set in the recognition requirements, in par-</p>	<p>A ‘qualifying system’ is defined by the Standards as: <i>‘a multilateral system, operated by an entity, which without being regulated as a regulated market, brings together multiple third party buying and selling interests in financial instruments – in the system and according to non-discriminatory rules set by the system’s operator – in a way that results in a contract’.</i></p> <p>The Maltese investment services regime as it stands today does not distinguish between an Investment Exchange and an Alternative Trading System. Thus all systems which have the purpose of allowing the matching of multiple third party interests would be considered as falling within the parameters of the local investment exchange regime which regulated by the Financial Markets Act 1990 (“the FMA”).</p> <p>In fact, any person wanting to provide the services of an investment</p>

		<p>particular, the requirement set in clause (4) of the Schedule to Legal Notice 3 of 2003, titled ‘<i>Systems and Controls</i>’ an applicant for recognition is required <i>inter alia</i>, to disclose to the MFSA its key features and any significant changes to its operation.</p> <p>The recognition requirements are not only initial requirements but must also be satisfied by a person in possession of a recognition order, on a continuing and ongoing basis.</p>	<p>exchange which may be interpreted to <i>inter alia</i> include <i>the provision of a system which brings together multiple third parties buying and selling interests in financial instruments</i>, would require a recognition order in terms of article 4 (1) (a) of the Financial Markets Act.</p> <p>The required changes to local legislation to allow Investment Firms to operate a qualifying system without the need for a recognition order are presently being considered. However, for the time being, the replies to this document reflect the regulatory regime as it stands today.</p>
POLAND	Parliament for enacting	<p>According to the current Polish law Public trading of securities (Article 92) there is a possibility of obtaining a license for organising trading system outside regulated market. The license may be granted only to an entity already acting as a brokerage house (or a bank carrying out a brokerage activity). Solely securities admitted to public trading may be subject to this license.</p> <p>Likewise the PSEC has already prepared a draft of new Law on Public Trading of Securities, according to which organising an Alternative Trading System is a brokerage activity and it requires PSEC’s licence. The application for granting this licence must contain all the significant information (such as category of traded instruments, operational programme, identity of persons managing or controlling this entity etc.). PSEC has to be provided with every change of mentioned above information.</p>	<p>Polish Securities and Exchange Commission is responsible for drafting</p> <p>Adoption of the new Act implementing this standard is envisaged for to take place according to the current proposal of the Financial Instruments Markets Directive, before deadline for the implementation of the FIM Directive.</p>
SLOVAKIA			<p>Slovak legislation does not cover standards for alternative trading systems specifically and ATS have not been defined by the legislation yet. Peace of legislation which deals with organising of trading and system requirements is Act no 429/2002 on Stock exchange. However, the standards are applicable on Stock Exchange trading system only, and are set by in Stock Exchange rules.</p>
SLOVENIA		N.A.	<p>For the whole table on ATS please refer to the overview of trading as well as clearing and settlement system in Slovenia, attached to the tables.</p>

<b>Standard 2</b>	<b><i>Investment firms operating a qualifying system should establish trading arrangements that result in fair and orderly trading.</i></b>		
<b>Country</b>	<b>Implementing Authority(ies)</b>	<b>Implementing Measure<sup>12</sup></b>	<b>Comments</b>
AUSTRIA			Please see standard 1.
BELGIUM	CBFA	<p>Article 15, §2, 2° of the Law of 2 August 2002</p> <p>The CBFA monitors the adequate organization of firms operating ATS through its supervisory policy and programs for investment</p>	<p>Detailed secondary legislation (Royal Decree) has to be drafted in the future. In the meantime, this standard is being addressed through the application of two provisions of the Law of 6 April</p>

<sup>12</sup> Any derogation to the application of the implementing measures should be mentioned.



		firms and banks. Impending new specific ATS-regulations, the criteria used for the assessment of the proper functioning of the firm and the ATS, draw on the general principles laid down in the Law of 2 August 2002 and on the relevant CESR-standards (see comments under standard 1).	1995 (supervision of investment firms) : 1) Article 51 gives the CBFA the power to impose certain conditions on the provision of certain services. 2) Article 62 provides that an investment firm shall have a management structure, administrative and accounting procedures, and control and safeguard arrangements for electronic data processing which are appropriate <u>to</u> the activities proposed and internal control mechanisms (...). An investment firm shall be structured and organized in such a way as to minimize the risk of client's interests being prejudiced by conflict of interest between the firm and its clients (...). Both provisions are used in a dedicated way when entities seek to obtain an investment firm qualification while actually operating an ATS and as backbone for continuous monitoring purposes.
DENMARK	The Ministry of Economic and Business Affairs	The Securities Trading, etc. Consolidated Act, section 16, par 2, and section 18, par 2. Financial Business Act, section 43, par. 1. Regulated markets must secure that trading and market quotation is done in a fair and orderly way.	
FINLAND	The Parliament (see Standard 1 above) Rahoitustarkastus (see Standard 1 above)	Chapter 3, Section 13, Paragraph 1 and Section 16, Paragraph 2 of the SMA require the organiser of Another Trading Procedure to publish rules including regulations at least on the following issues:  1) the manner and grounds for the admission of a security to trade;  2) the manner and time of trade;  3) the manner, time and extent to which the information relating to the orders or quotes and transactions is made available to the investors and the securities intermediaries and other operators participating in the trading;  4) the manner and grounds for the granting and revocation of the rights of a securities intermediary, another party and a broker;  5) the type of demands, rights and duties otherwise imposed on the issuers of securities and their management, securities intermediaries, other parties and brokers for fulfilling the duties based on the SMA and the rules of Another Trading Procedure or otherwise;  6) the person or persons responsible for the arrangement of trading;  7) the manner in which the equality of the shareholders is safeguarded if a limited liability company may, in Another Trading	Provisions on conduct of business laid down by Chapter 4 of the SMA in force, and enacted in order to e.g. implement Article 11 of the ISD, apply to Another Trading Procedure only in case where the organiser of Another Trading Procedure is an investment firm or a credit institution (see also Comments in relation to Standard 1 above).

		<p>Procedure, trade in its own shares; as well as8) the manner of attending to the supervisory duties belonging to the organiser of Another Trading Procedure under the law.</p> <p>The rules shall also indicate the manner of amending the rules of trading and the manner in which the parties to the trading procedure shall be notified of any amendments to the rules prior to their entry into force.</p> <p>In addition, Chapter 4, Section 1 of the SMA generally stipulates that procedures that are contrary to proper market practise may not be employed in the provision of investment service. According to Chapter 4, Section 4 of the SMA investment firms and credit institutions must execute their clients' orders carefully and in the best interest of the clients without undue delay. Furthermore, investment firms and credit institutions must aim to avoiding situations involving conflict of interest, and in case they occur, treat clients in proper practise, i.e. equally. Investment firms and credit institutions may not allow the interest of another client, the issuer or their own interest to affect the execution of an order.</p>	
FRANCE	AMF	Decision 2003-02, Articles 2 and 3	Additional requirements concerning rules of the system (Article 2).
GERMANY	Legislator, Exchange Supervisory Authorities of the Bundesländer	Sec 59 BörsG	
GREECE			Please see standard 1.
ICELAND	Parliament	<p>According to art. 9 of the Securities Act an investment firm shall ensure the best possible execution of trading orders, the best possible price for their customers, and the best possible operation in every way.</p> <p>Art. 6: An investment firm shall operate in such a way that its customers enjoy equality regarding information, price and other terms.</p>	A detailed implementation awaits revision of the Stock Exchange Act.
IRELAND	IFSRA	<p>GS&amp;RR, Section 2.1, page 3</p> <p>COC, Section 1.1-1.7 page 3</p> <p>COC, Section 8.1,page 11</p>	Note In the case of investment firms operating as ATs the CESR Standards will be imposed on a case by case basis
ITALY	CONSOB	<p>Article 78 of Legislative decree 58/98</p> <p>Paragraph 6 of the CONSOB Resolution No. 14035 of 17 April 2003</p>	
LUXEMBOURG			See Standard 1
NETHERLANDS	Ministry of Finance, AFM	Not specifically mentioned in law, but requirements can be taken up in license. The general rule:A securities institution shall, during the performance of its activities, comply with rules to be laid down by the supervisory authority that serve to ensure that the securities institution (a) acts in the interests of its clients and the proper operation of the securities markets. (art. 24 Decree)	

NORWAY	Parliament	Securities Trading Act Section 9-2 on conduct of business rules	
PORTUGAL		Foreseen in articles 2.º, n.º2, b) and 3.º, n.º1, h) of CMVM project of Regulation	The grant of the register depends upon the existence of a system that assures a fair and orderly trading
SPAIN	CNMV	The listing and operating rules of any trading system and the governing rules of its governing body will require the authorisation of the CNMV.	
SWEDEN	Finansinspektionen [FI] (Swedish Financial Supervisory Authority)	No explicit implementation measures for ATSS have been taken The present legislation (the Securities Business Act (1991:981) Chap 1 Section 7 requires investment firms to conduct all their business in a fair and orderly manner. See also answer to 1) above	As a general comment Finansinspektionen follows a timetable for gradual implementation of the standards and rules. The first step was taken during 2002 with the implementation of some of the rules and the next step is due during 2004 when additional standards and rules will be implemented. The final step towards full implementation will start during 2004.
UNITED KINGDOM	FSA	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: (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. These requirements will enter into force on 1 April 2004.	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.
CYPRUS		Non applicable	There is no ATS currently operating in Cyprus and no specific legislation has been enacted to regulate such systems. However, an investment firm licensed in another Member State to provide ATS activities, will not be restricted from providing such activities in Cyprus according to the CESR definition
CZECH REPUBLIC			See Standard 1.
ESTONIA			See Standard 1.
HUNGARY			See Standard 1.
LATVIA		The laws or FCMC regulations do not regulate this issue.	See the answer above.
LITHUANIA		Not regulated	
MALTA	As Above	In terms of clauses (4) and (5) of the Schedule to Legal Notice 3 of 2003 a person (including an investment firm) granted a recognition order under the FMA, is required to ensure <i>inter alia</i> that: (a) all the systems and controls used in the performance of its functions are adequate and appropriate for the scale and nature of its business; (b) business conducted by means of its facilities is conducted in an orderly manner and so as to afford proper protection to investors. In assessing whether the above are satisfied the MFSA would <i>inter</i>	

		<i>alia</i> consider whether the trading arrangement being proposed by the applicant result in a fair and orderly trading (market).	
POLAND	Parliament for enacting	<p>According to the current Polish law Public trading of securities (Article 92) the license is granted only to an entity meeting all the requirements defined in Article 91. In practice it means that such an entity must prepare rules and regulations to organise this trading system.</p> <p>Likewise the PSEC has already prepared a draft of new Law on Public Trading of Securities, according to which organising an Alternative Trading System requires establishing a special procedure of ATS which has to be approved by PSEC.</p> <p>The ATS's procedures define in particular:</p> <ol style="list-style-type: none"> <li>1) the category of traded instruments,</li> <li>2) the criteria and conditions of approving instruments for trading on the ATS,</li> <li>3) the procedure and conditions of admitting to concluding trades on the ATS,</li> <li>4) the methods and procedures for resolving disputes over the ATS transactions,</li> <li>5) the method of trading on the ATS,</li> <li>6) the conditions and procedures for quoting, suspending and ceasing the quotations of instruments on the ATS,</li> <li>7) business days and hours for trading sessions,</li> <li>8) the methods whereby the quotations or prices are established and announced,</li> <li>9) the methods for classifying the listed instruments, if such classification takes place,</li> <li>10) the procedures and conditions for transmitting information concerning made offerings and concluded transactions for the operator of main market for the security, or the procedures and conditions of announcing information concerning made offerings and concluded transactions related to listed instruments, if they are not the securities traded on a regulated market,</li> <li>11) the fee for using ATS's facilities,</li> <li>12) transaction fees and the methods of assessing.</li> </ol>	<p>Polish Securities and Exchange Commission is responsible for drafting</p> <p>Adoption of the new Act implementing this standard is envisaged for to take place according to the current proposal of the Financial Instruments Markets Directive, before deadline for the implementation of the FIM Directive.</p>
SLOVAKIA			See Standard 1.
SLOVENIA			See Standard 1.

Standard 3			
<i>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>			
Country	Implementing Authority(ies)	Implementing Measure <sup>13</sup>	Comments
AUSTRIA			Please see standard 1.
BELGIUM	CBFA	Article 15, §2, 4° of the Law of 2 August 2002	Idem as Standard 2
DENMARK	The Ministry of Economic and Business Affairs	The Securities Trading, etc. Consolidated Act, section 19, par 1. Regulated markets must establish rules, which will ensure that the users receive all necessary information about the functioning and transparency of the system.	
FINLAND	The Parliament (see Standard 1 above) Rahoitustarkastus (see Standard 1 above)	Chapter 3, Section 13, Paragraph 1 of the SMA requires, as already cited above, that the rules of Another Trading Procedure include regulations on: <ul style="list-style-type: none"> <li>the manner, time and extent to which the information relating to the orders or quotes and transactions is made available to the investors and the securities intermediaries and other operators participating in the trading;</li> </ul> <p>Furthermore, Chapter 3, Section 16, Paragraph 1 of the SMA specifically stipulates that trade in securities may be carried out in Another Trading Procedure only when the availability of information relating to the issuer and trade in securities is ensured in a sufficient way.</p>	
FRANCE	AMF	Decision 2003-02, Articles 4 and 5	
GERMANY	Legislator, Exchange Supervisory Authorities of the Bundesländer	Sec. 59 BörsG	The operator is obligated to lay down rules concerning the publication of prices and the respective turnover
GREECE			Please see standard 1.
ICELAND	PARLIAMENT	Not implemented. However, a provision in art. 34 of the Stock Exchange Act, states that if parties operate a securities market where substantial trading takes place, the FME may demand, as a condition for its continuing operation, that it fulfill the provisions of the Act concerning a stock exchange or regulated OTC market, as appropriate. Besides this provision, the FME can refer to Art. 6 and 9 of the Securities Act (see infra).	A detailed implementation awaits revision of the Stock Exchange Act.
IRELAND	IFSRA		Note In the case of investment firms operating as ATs the CESR Standards will be imposed on a case by case basis

<sup>13</sup> Any derogation to the application of the implementing measures should be mentioned.

ITALY	CONSOB	The operators of alternative trading systems have to be made available to the public and the market as a whole, the same information they are required to make available to the users under paragraph 6 of the Resolution.	
LUXEMBOURG			See Standard 1
NETHERLANDS	Ministry of Finance, AFM	The general rule (section 7(7) Wte) applies. See standard 1.	In our specific case the license has been restricted to professional parties, so no extra regulations have been imposed)
NORWAY	Parliament	Requires an additional provision in the Securities Trading Act	Not implemented
PORTUGAL		Foreseen in article 7.º of CMVM project of Regulation	When the instruments traded in a ATS are simultaneously admitted to trading on a regulated market, the investment firm operating a ATS must make available, on a reasonable commercial basis, information about: - <u>any time</u> : the better bids and asks for each instrument, as well as the price and the amount of the last transaction; - <u>end of the session</u> : the minimum price, the maximum price and the weighted average price calculated during the session, as well as the amounts traded.
SPAIN	Bank of Spain/ CNMV	Article 43 of the Spanish Exchange Act (Law 24/1998), says that the CNMV or the Bank of Spain will set up the trading information that shall be publicly disclosed.	
SWEDEN	Finansinspektionen [FI] (Swedish Financial Supervisory Authority)	No explicit implementation measures for ATSs have been taken The present legislation (the Stock Exchange and Clearing Act (1992:543), Chap 4 Section 4 explicitly requires investment firms which trade in an officially traded instrument to report completed trades to the relevant exchange. There is, however, no explicit demand for pre-trade information for ATSs, nor for post-trade information.	As a general comment Finansinspektionen follows a timetable for gradual implementation of the standards and rules. The first step was taken during 2002 with the implementation of some of the rules and the next step is due during 2004 when additional standards and rules will be implemented. The final step towards full implementation will start during 2004.
UNITED KINGDOM	FSA	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 (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. These requirements will enter into force on 1 April 2004	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. 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, supnationals 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.
CYPRUS		Non applicable	There is no ATS currently operating in Cyprus and no specific legislation has been enacted to regulate such systems. However, an investment firm licensed in another Member State to provide ATS activities, will not be restricted from providing such activities in Cyprus according to the CESR definition

CZECH REPUBLIC			See Standard 1.
ESTONIA			See Standard 1.
HUNGARY			See Standard 1.
LATVIA		The laws or FCMC regulations do not regulate this issue.	See the answer above.
LITHUANIA		Not regulated	
MALTA	As Above	In terms of clause (5) (1) of the Schedule to Legal Notice 3 of 2003, a person (including an investment firm) granted a recognition order under the FMA is required to ensure that business conducted by means if its facilities is conducted in an orderly manner and so as to afford proper protection to investors. In terms of clause (5) (3) (i) of the Schedule to Legal Notice 3 of 2003 the MFSA, in verifying whether the said person is complying with the above mentioned rule, reviews <i>inter alia</i> the arrangements and practises adopted by the said person to ensure sufficient pre- and post-trading transparency.	
POLAND	Parliament for enacting the law Council of Ministers for enacting the decree	According to the current Polish law Public trading of securities (Article 92) the license is granted only to an entity meeting all the requirements defined in Article 91. One of these requirements is to ensure access to information concerning trades concluded within this trading system. In practice it means that such an entity must prepare rules and regulations to organise this trading system.  Likewise the PSEC has already prepared a draft of new Law on Public Trading of Securities, according to which the brokerage house organising an Alternative Trading System is obliged to transmit information concerning made offerings and concluded transactions for the operator of main market for the security traded on that market, which next has to make them public. There is also the delegation for The Council of Ministers for issuing the decree concerning detailed conditions of organizing an ATS. This decree is going to cover all the relevant issues There are no drafts of this decree yet	Polish Securities and Exchange Commission is responsible for drafting  Adoption of the new Act implementing this standard is envisaged for to take place according to the current proposal of the Financial Instruments Markets Directive, before deadline for the implementation of the FIM Directive.
SLOVAKIA			See Standard 1.
SLOVENIA			See Standard 1.

<b>Standard 4</b>	<b><i>Investment firms operating a qualifying system should monitor user compliance with the contractual rules of the system.</i></b>		
<b>Country</b>	<b>Implementing Authority(ies)</b>	<b>Implementing Measure<sup>14</sup></b>	<b>Comments</b>
AUSTRIA			Please see standard 1.
BELGIUM	CBFA	Article 15 of the Law of 2 August 2002 With respect of the supervision of the organization of the firms	Idem as Standard 2

<sup>14</sup> Any derogation to the application of the implementing measures should be mentioned.

		operating ATS, idem as standard 2.	
DENMARK	The Ministry of Economic and Business Affairs	The Securities Trading Act, etc. Consolidated Act, section 18. The Board of a regulated market is responsible that all trade in the system is done in an adequate and satisfactory fashion.	
FINLAND	The Parliament (see Standard 1 above)  Rahoitustarkastus (see Standard 1 above)	Chapter 3, Section 16, Paragraph 3 of the SMA requires the organisers of Another Trading Procedure to ensure that adequate and reliable supervision is arranged in order to safeguard compliance with the acts and regulations as well as with the rules of the trading procedure and proper practice within the trading procedure. In addition, Paragraph 3 specifically stipulates that the organisers must submit to Rahoitustarkastus a description of their monitoring systems as well as of their system for the collection and storage of information on transactions.	
FRANCE	AMF	Decision 2003-02, Article 6	This contractual obligation is set up in the article 6 of the CMF regulation.
GERMANY	Legislator, Exchange Supervisory Authorities of the Bundesländer	Sec. 59 BörsG	
GREECE			Please see standard 1.
ICELAND	PARLIAMENT	Not implemented	Implementation awaits revision of the Stock Exchange Act.
IRELAND	IFSRA		Note In the case of investment firms operating as ATs the CESR Standards will be imposed on a case by case basis
ITALY	CONSOB	Paragraph 5, letter e), of the Resolution requires the operators of alternative trading systems to supervise on the compliance by the participants to the system with the rules of the system and to take action in the event of violations thereof.	
LUXEMBOURG			See Standard 1
NETHERLANDS	Ministry of Finance, AFM	Not implemented	Although a firm must adhere to requirements regarding internal controls, the law has no explicit reference to user compliance.
NORWAY	Parliament	Requires an additional provision in the Securities Trading Act	Not implemented
PORTUGAL		Foreseen in article 8.º, n.º1 of CMVM project of Regulation	
SPAIN	Governing bodies of the trading systems	The governing bodies of the trading systems are responsible from the monitoring of the compliance with the rules of the system.	
SWEDEN	Finansinspektionen [FI] (Swedish Financial Supervisory Authority)	No explicit implementation measures for ATs have been taken This would fall under the general authorisation process or supervision of an ongoing firm.	As a general comment Finansinspektionen follows a timetable for gradual implementation of the standards and rules. The first step was taken during 2002 with the implementation of some of the rules and the next step is due during 2004 when additional standards and rules will be implemented. The final step towards full implementation will start during 2004.
UNITED KINGDOM	FSA	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.	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. To note - This standard has been combined with Standard 5 below into a single requirement modelled on the draft revised ISD text.



		This requirement will enter into effect on 1 April 2004.	
CYPRUS		Non applicable	There is no ATS currently operating in Cyprus and no specific legislation has been enacted to regulate such systems. However, an investment firm licensed in another Member State to provide ATS activities, will not be restricted from providing such activities in Cyprus according to the CESR definition
CZECH REPUBLIC			See Standard 1.
ESTONIA			See Standard 1.
HUNGARY			See Standard 1.
LATVIA		The laws or FCMC regulations do not regulate this issue.	See the answer above.
LITHUANIA		Not regulated	
MALTA	As Above	In terms of clause 9-(1) (a) of the Schedule to Legal Notice 3 of 2003 a person (including an investment firm) granted a recognition order under the FMA is required to have effective arrangements for monitoring and enforcing compliance with its rules.	
POLAND	The Council of Ministers for enacting	According to the current Polish law Public trading of securities (Article 92) the license is granted only to an entity meeting all the requirements defined in Article 91. In particular the entity applying for a license must guarantee the safety and efficiency of the flow of transactions. The safety of the flow of transactions requires permanent monitoring of user compliance with the contractual rules of the organised system.	Polish Securities and Exchange Commission is responsible for drafting
SLOVAKIA			See Standard 1.
SLOVENIA			See Standard 1.

<b>Standard 5</b>	<i>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.</i>		
<b>Country</b>	<b>Implementing Authority(ies)</b>	<b>Implementing Measure<sup>15</sup></b>	<b>Comments</b>
AUSTRIA			Please see standard 1.
BELGIUM	CBFA	Article 15, §2, 3° of the Law of 2 August 2002 Articles 25, 33, 34 and 35 of the Law of 2 August 2002.	Idem as Standard 2
DENMARK	The Ministry of Economic and Business Affairs	The Securities Trading Act, etc Consolidated Act, section 19, 33 and section 33a Securities dealers must immediately report every transaction with securities admitted to trading on a regulated market in order to be able to investigate any market abuse that may turn up.	
FINLAND	The Parliament (see Standard 1 above)	The requirement in Chapter 3, Section 16, Paragraph 3 of the SMA 'to ensure that adequate and reliable supervision is arranged in order to safeguard compliance with the acts and regulations as well as with the rules of the trading procedure and proper practice	The SMA provisions in force do not specifically stipulate that the operators are obliged to supply information to the regulator, i.e. Rahoitustarkastus, on their own initiative. Again, on an ad hoc basis, Rahoitustarkastus may require supervised entities to provide

<sup>15</sup> Any derogation to the application of the implementing measures should be mentioned.

	Rahoitustarkastus (see Standard 1 above)	within the trading procedure' (see above implementing measures in relation to Standard 4) covers not only contractual rules but also the detection of market abuse and other financial crimes.	whatever information Rahoitustarkastus deems necessary for the performance of its duties.
FRANCE	AMF	Decision 2003-02, Articles 7 and 8	
GERMANY	Legislator, Exchange Supervisory Authorities of the Bundesländer	Sec. 59 and 60 BörsG	
GREECE			Please see standard 1.
ICELAND	PARLIAMENT	Not implemented.	Implementation awaits revision of the Stock Exchange Act.
IRELAND	IFSRA		Note In the case of investment firms operating as ATs the CESR Standards will be imposed on a case by case basis
ITALY	CONSOB	The above-described transparency requirements provided for in paragraphs 4 and 6 of the Resolution, allow CONSOB to monitor the activities of alternative trading systems for the purposes of detecting and deterring unfair practices and market abuse. Moreover, pursuant to paragraph 3 of the Resolution, the operators of alternative trading systems have to ensure that electronic procedures are in place for recording transactions that permit searches to be made on each financial instrument, each type of transaction and each entity admitted to the system. These data have to be made available upon request to CONSOB, which may use them for the purposes of international cooperation.	
LUXEMBOURG			See Standard 1
NETHERLANDS	Ministry of Finance, AFM	In general, investment firms must comply with the Disclosure of Unusual Transactions Act. Firms must incorporate measures to detect and prevent market abuse on the basis of the rules mentioned below. <b>Act on the Supervision of the Securities Trade 1995</b> Section 46 (1) (a) and (b), 2, 3 (a) – (c), . It shall be prohibited for any person who is in possession of inside information to carry out or cause to be carried out in or from the Netherlands a transaction in: (a) securities that are listed on a securities exchange recognised pursuant to section 22 or on a securities exchange that is established outside the Netherlands and is admitted by government, or securities that are likely to be listed on such an exchange in the near future; or (b) securities whose value is determined in part by the value of the securities referred to in (a). -2. Inside information shall mean the knowledge of specific information concerning a legal person, company or institution to which the securities relate or concerning the trade in the said securities: (a) that has not been made public; and (b) where disclosure can reasonably be expected to have an effect on the price of the securities concerned, irrespective of	

		<p>the direction of the share price.</p> <p>-3. The prohibition in subsection (1) shall not apply to:</p> <p>(a) an intermediary who, being merely in possession of inside information concerning the trade in securities, trades in accordance with the principles of good faith in order to execute client orders.</p> <p>(b) to a legal person, company or institution of which the employees who are involved in the carrying out of transactions or in causing transactions to be carried out are only in possession of inside information concerning the trade in securities; and</p> <p>(c) to persons who carry out a transaction, or cause a transaction to be carried out in order to comply with an enforceable obligation that pre-existed at the time when he became aware of the specific information referred to in subsection (2).</p> <p>-4. Categories of transactions to which the prohibition referred to in subsection (1) do not apply, may be designated by order in council. Within a category to be designated, a distinction may be made according to the persons by whom and the circumstances in which transactions are carried out or are caused to be carried out.</p> <p>-5. Amsterdam District Court shall have sole competence of first instance in respect of the criminal offences referred to in subsection (1).</p> <p>Section 46a</p> <p>-1. It shall be prohibited for any person who is in possession of inside information concerning a legal person, company or institution as referred to in section 46(2) or concerning the trade in securities as referred to in section 46(1) in respect of that legal person, company or institution, other than as part of his normal duties, profession or position:</p> <p>(a) to communicate this inside knowledge to a third party, or</p> <p>(b) to recommend a third party to carry out or to cause to be carried out transactions in such securities.</p> <p>Section 17</p> <p>- 1. A securities institution shall have, according to the judgement of the supervisory authority, a good accounting system and effective related internal controls and a reliable recording system for the services it has performed, together with systems for the effective monitoring and control of the risks relating to its operations as a whole and systems for determining its financial position accurately at any time. The said system, controls, recording system and other systems shall enable the supervisory authority to ascertain whether the rules governing the management of the activities of the securities institution and capital adequacy are being complied with.</p> <p>- 2. The supervisory authority may lay down rules relating to the accounting system, related internal controls, recording system and</p>	
--	--	--	--

		other systems referred to in subsection (1).  <b>Decree on the Supervision of the Securities Trade 1995</b> Article 40 A securities institution shall ensure the monitoring of compliance with the measures referred to in article 19 and the monitoring of compliance with the codes of conduct regarding price-sensitive information, private investment transactions required pursuant to articles 22 and 23, and the taking of disciplinary action.	
NORWAY	Parliament	Requires an additional provision in the Securities Trading Act	Not implemented
PORTUGAL		Foreseen in article 8.º, n.º2 of CMVM project of Regulation	It is expressly foreseen that the investment firm operating an ATS must make available to CMVM all the information and means necessary to market supervision and that they must communicate immediately any transactions suspected of market abuse.
SPAIN	CNMV	The CNMV is responsible for the detection and sanction of market abuse practices (articles 13 and 84 of the Spanish Exchange Act).	
SWEDEN	1)Parliament 2) Finansinspektionen [FI] (Swedish Financial Supervisory Authority)	1)The Securities Business Act (1991:981) Chap 3 Section 10 Chap 3 Section 10 explicitly requires investment firms which organise trading in financial instruments to supervise trading and price trends and ensure that the trading does not take place in violation of the Insider Dealing Act, other legislation or generally accepted market practice.. 2) Regulation on market surveillance for regulated markets and investment firms (2001:5) Chap 2 Section 1-5 Additional rules on market surveillance are implemented in the regulation	
UNITED KINGDOM	FSA	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 provide FSA with appropriate assistance. This requirement will enter into effect on 1 April 2004.	To note - This standard has been combined with Standard 4 above into a single requirement modelled on the draft revised ISD text.
CYPRUS		Non applicable	There is no ATS currently operating in Cyprus and no specific legislation has been enacted to regulate such systems. However, an investment firm licensed in another Member State to provide ATS activities, will not be restricted from providing such activities in Cyprus according to the CESR definition
CZECH REPUBLIC			See Standard 1.
ESTONIA			See Standard 1.
HUNGARY			See Standard 1.
LATVIA		The laws or FCMC regulations do not regulate this issue.	See the answer above.
LITHUANIA		Not regulated	

MALTA	As Above	In terms of clause 5 (2) (I) of the Schedule to Legal Notice 3 of 2003 a person (including an investment firm) granted a recognition order under the FMA is required to adopt appropriate measures to reduce the extent to which its facilities can be used for a purpose connected with market abuse, insider dealing or any other criminal offence, and to facilitate their detection and monitor their incidence. Additionally in terms of clause 22 of the General notification directives applicable to Recognised Investment Exchanges (these directives have been attached as Appendix 2 to this document for ease of reference), a person (including an investment firm) granted a recognition order under the FMA is required to notify the MFSA by way of a written report of <i>inter alia</i> any suspicions of market abuse or insider dealing.	
POLAND	The Council of Ministers for enacting	According to the current Polish law Public trading of securities (Article 92) the license is granted only to an entity meeting all the requirements defined in Article 91. In particular the entity applying for a license must guarantee the safety and efficiency of the flow of transactions. The safety of the flow of transactions requires permanent monitoring of user compliance with the contractual rules of the organised system as well as the law and other rules governing the capital market.	Polish Securities and Exchange Commission is responsible for drafting
SLOVAKIA			See Standard 1.
SLOVENIA			See Standard 1.

<b>Standard 6</b>	<i>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>		
<b>Country</b>	<b>Implementing Authority(ies)</b>	<b>Implementing Measure<sup>16</sup></b>	<b>Comments</b>
AUSTRIA			Please see standard 1.
BELGIUM	CBFA	Article 17, § 1, 6° of the Law of 2 August 2002 With respect of the supervision of the organization of the firms operating ATS, idem as standard 2.	Idem as Standard 2
DENMARK	The Ministry of Economic and Business Affairs	The Securities Trading Act, etc Consolidated Act, Section 8, par 2 and section 18, par 2, no. 1. Regulated markets have to document to The Danish Financial Supervisory Authority that satisfactory trade and information systems have been established.	
FINLAND	The Parliament (see Standard 1 above) Rahoitustarkastus (see Standard 1 above)	These issues in relation to the organisers of Another Trading Procedure are not directly addressed by the SMA or any other act. However, the licensing requirements and the provisions on establishment and maintenance of internal control and risk management applicable to credit institutions, and investment firms seem to	

<sup>16</sup> Any derogation to the application of the implementing measures should be mentioned.

	In addition, the Parliament acts, referred to above, empower Rahoitustarkastus to issue binding rules on internal control and risk management as well as reliable administration for investment firms and credit institutions.	<p>fully cover the issues. For example, Section 29, Paragraph 3 of the Act on Investment Firms requires that an investment firm have adequate internal control and risk management systems vis-à-vis its operations.</p> <p>Various Regulations and Guidelines on internal control and risk management issued by Rahoitustarkastus elaborate the requirements. For example, according to the 203.28 Guideline on risk management and internal control principles as well as internal audit function of investment firms, an investment firm must have plans to assure the continuity of vital operations under all circumstances should be in place. In the event of unexpected disturbances or downtime, it should be possible to re-establish normal operation within a reasonable time. Such continuity plans should be updated and tested at regular intervals.</p>	
FRANCE	AMF	Decision 2003-02, Article 9	
GERMANY	Legislator, Exchange Supervisory Authorities of the Bundesländer	Sec. 59 and 60 BörsG	
GREECE			Please see standard 1.
ICELAND	FME	Article 4: Investment firms shall operate in accordance with sound and proper business practices, with the integrity of the financial market and the interests of its clients as a guiding light.	Demanding demonstration the capabilities of the system would fall within the surveillance powers of the FME, as provided in Act No 87/1998 on official supervision of financial operations, Article 8 (The Financial Supervisory Authority shall ensure that the activities of parties subject to supervision are in accordance with laws, regulations, rules or by-laws governing such activities, and that they are in other respects consistent with sound and proper business practices).
IRELAND	IFSRA	GS&RR, Section 2.1-2.4, page 3	Note In the case of investment firms operating as ATs the CESR Standards will be imposed on a case by case basis
ITALY	CONSOB	Pursuant to paragraphs 4, letter b), and 5, letter b), the operators of alternative trading systems are required to inform CONSOB and the public about the trading structures used and how they work. Moreover, pursuant to CONSOB Communication DI/30396 of 21 April 2000, intermediaries which provide online investment services, including the operation of alternative trading systems, are required to have resources and procedures capable of ensuring the efficient provision of these services. Consistently, these intermediaries are advised to conclude agreements with Internet providers and other companies involved in the process so as to ensure the operational efficiency of the service supplied. In order to cope with outages, temporary or otherwise, CONSOB recommends that intermediaries put efficient alternative procedures in place so that investors can continue to trade. These alternative procedures and the manner of using them have to be specified in the contracts	

		with customers. Moreover, every precaution has to be taken to ensure that the automated systems in use guarantee the maximum confidentiality of data transmitted over the Internet.	
LUXEMBOURG			See Standard 1
NETHERLANDS	Ministry of Finance, AFM	Decree on the Supervision of the Securities Trade 1995 See section 17 in the above	
NORWAY	Parliament	IT regulation, sections 1 through 12 Requires an additional provision in the Securities Trading Act	
PORTUGAL		Foreseen in articles 2.º, n.º2 and 3.º of CMVM project of Regulation	The grant of the register depends upon the ability to demonstrate to CMVM the required capabilities of the system.
SPAIN	CNMV	The listing and trading rules of the trading system include rules for the management of the technical operation of the system that include contingency arrangements in the event of system disruption. The listing rules and its modifications are authorised by the CNMV	
SWEDEN	Finansinspektionen [FI] (Swedish Financial Supervisory Authority)	No explicit implementation measures have been taken. This would fall under the general authorisation process or supervision of an ongoing firm.	As a general comment Finansinspektionen follows a timetable for gradual implementation of the standards and rules. The first step was taken during 2002 with the implementation of some of the rules and the next step is due during 2004 when additional standards and rules will be implemented. The final step towards full implementation will start during 2004.
UNITED KINGDOM	FSA	This point is adequately covered by existing provision of our Handbook: (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.	
CYPRUS		Non applicable	There is no ATS currently operating in Cyprus and no specific legislation has been enacted to regulate such systems. However, an investment firm licensed in another Member State to provide ATS activities, will not be restricted from providing such activities in Cyprus according to the CESR definition
CZECH REPUBLIC			See Standard 1.
ESTONIA			See Standard 1.
HUNGARY			See Standard 1.
LATVIA		The laws or FCMC regulations do not regulate this issue.	See the answer above.
LITHUANIA		Not regulated	

MALTA	As Above	<p>In terms of clause 4 of the Schedule to Legal Notice 3 of 2003 a person (including an investment firm) granted a recognition order under the FMA is required to ensure that all the systems and controls used in the performance of its functions are adequate and appropriate for the scale of its business.</p> <p>In considering whether this requirements is satisfied the MFSA may in terms of clause 4 (3) of the Schedule to Legal Notice 3 of 2003 take <i>inter alia</i> into account the following:</p> <p>(1) the information technology systems, including back-up systems to such information technology systems and its plans of action in the event of failure of any such information technology systems;</p> <p>(2) the arrangements by which it measures and controls different types of risks;</p> <ul style="list-style-type: none"> <li>• arrangements for risk management procedures.</li> </ul>	
POLAND	The Council of Ministers for enacting	<p>According to the current Polish law Public trading of securities (Article 92) the license is granted only to an entity meeting all the requirements defined in Article 91. In practice it means that such an entity must prepare rules and regulations to organise this trading system.</p> <p>The PSEC has already prepared a draft of new Law on Public Trading of Securities which introduces the delegation for The Council of Ministers for issuing the decree concerning detailed conditions of organizing an ATS. This decree is going to cover all the relevant issues, especially it is going to specify the requirements that the brokerage house's system, procedures and regulations will have to meet. All of them will have to be subject to prior PSEC's approval (such as every change of them).</p> <p>There are no drafts of this decree yet.</p>	<p>Polish Securities and Exchange Commission is responsible for drafting</p> <p>Adoption of the new Act implementing this standard is envisaged to take place according to the current proposal of the Financial Instruments Markets Directive, before deadline for the implementation of the FIM Directive.</p>
SLOVAKIA			See Standard 1.
SLOVENIA			See Standard 1.

<b>Standard 7</b>		<i>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>	
<b>Country</b>	<b>Implementing Authority(ies)</b>	<b>Implementing Measure<sup>17</sup></b>	<b>Comments</b>
AUSTRIA			Please see standard 1.
BELGIUM	CBFA	Article 15 of the Law of 2 August 2002 With respect of the supervision of the organization of the firms operating ATS, idem as standard 2.	Idem as Standard 2
DENMARK			Not implemented

<sup>17</sup> Any derogation to the application of the implementing measures should be mentioned.



FINLAND	The Parliament (see Standard 1 above)  Rahoitustarkastus (see Standard 1 above)	In addition to the issues listed above (see Implementing measures related to Standard 2), Chapter 3, Section 16, Paragraph 2 of the SMA states that the rules of Another Trading Procedure must specify the manner in which the clearing and settlement of the transactions in securities and the safekeeping of the securities subject to the trade in Another Trading Procedure shall take place.  Chapter 4, Section 4, Paragraph 3 of the SMA requires investment firms and credit institutions to notify clients of information on the investment service and the securities forming the object thereof which may have material effect on the decision making of the client unless this is clearly unnecessary with regard to the nature of investment service or the other circumstances. The duty does not apply when clients are professional investors.	Provisions on conduct of business laid down by Chapter 4 of the SMA in force, and enacted in order to e.g. implement Article 11 of the ISD, apply to Another Trading Procedure only in case where the organiser of Another Trading Procedure is an investment firm or a credit institution (see also Comments in relation to Standard 1 above).
FRANCE	AMF	Decision 2003-02, Article 10	
GERMANY	Legislator, Exchange Supervisory Authorities of the Bundesländer	Sec. 59 and 60 BörsG	
GREECE			Please see standard 1.
ICELAND	FME	Not implemented	Implementation awaits revision of the Stock Exchange Act.
IRELAND	IFSRA		Note In the case of investment firms operating as ATs the CESR Standards will be imposed on a case by case basis
ITALY	CONSOB	Under paragraphs 4, letter g), and 5, letter f), the operators of alternative trading systems are required to clarify the procedures and time limits for the settlement of contracts concluded on the system. On the basis of this information, CONSOB may consider the possibility of prohibiting the trading where it may pose a threat to investors and users, including retail users.	
LUXEMBOURG			See Standard 1
NETHERLANDS	Ministry of Finance, AFM	Investment firms must put in place adequate arrangements to protect the rights of their clients and to avoid that securities and monies (as far as the client is not a credit institution) are used for their own account by investment firms (art. 16 Decree).  This would in practice be a tripartite agreement between client, investment institution and credit institution if the investment firm is not also a credit institution. The credit institution must adhere to relevant rules regarding clearing and settlement.  Also, in the client agreement it should be stated in what way monies and securities are settled and cleared (art. 25(2)-f Decree).	
NORWAY	Parliament	Requires an additional provision in the Securities Trading Act	Not implemented
PORTUGAL		Foreseen in article 2.º, n.º 2, c) of CMVM project of Regulation	
SPAIN	CNMV/Iberclear	The rules and regulations of the trading systems include specific	

		arrangements for the clearing and settlement assuring also the access to the clearing and settlement systems available for the kind of financial instruments	
SWEDEN	Finansinspektionen [FI] (Swedish Financial Supervisory Authority)	No explicit implementation measures have been taken. This would fall under the general authorisation process or supervision of an ongoing firm.	As a general comment Finansinspektionen follows a timetable for gradual implementation of the standards and rules. The first step was taken during 2002 with the implementation of some of the rules and the next step is due during 2004 when additional standards and rules will be implemented. The final step towards full implementation will start during 2004.
UNITED KINGDOM	FSA	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. These new guidance and provisions will both be included in FSA's Handbook and enter into force on 1 April 2004.	
CYPRUS		Non applicable	There is no ATS currently operating in Cyprus and no specific legislation has been enacted to regulate such systems. However, an investment firm licensed in another Member State to provide ATS activities, will not be restricted from providing such activities in Cyprus according to the CESR definition
CZECH REPUBLIC			See Standard 1.
ESTONIA			See Standard 1.
HUNGARY			See Standard 1.
LATVIA		The laws or FCMC regulations do not regulate this issue.	See the answer above.
LITHUANIA		Not regulated	
MALTA	As Above	In terms of clause 4 (3) (I) of the Schedule to Legal Notice 3 of 2003 MFSA would verify whether a person (including an investment firm) granted a recognition order under the FMA has proper arrangements under which clearing and settlement instructions arising from a transaction are entered into the systems of the said person to the point at which any rights or liabilities arising from that transaction are discharged.	
POLAND	The Council of Ministers for enacting	According to Article 124 section 2 item 4 all the trades in securities admitted to public trading are settled by the National Depository for Securities.	Polish Securities and Exchange Commission is responsible for drafting  Adoption of the new Act implementing this standard is envisaged

		The current PSEC has already prepared a draft of new Law on Public Trading of Securities which introduces the delegation for The Council of Ministers for issuing the decree concerning detailed conditions of organizing an ATS. This decree is going to cover all the issues involved. There are no drafts of this decree yet	to take place according to the current proposal of the Financial Instruments Markets Directive, before deadline for the implementation of the FIM Directive.
SLOVAKIA			See Standard 1.
SLOVENIA			See Standard 1.

## 2. Application of Conduct of Business Rules to Alternative Trading Systems

Standard/Rule 8	<i>Investment firms operating a qualifying system should make clear the nature of the relationship between operator and user.</i>		
Country	Implementing Authority(ies)	Implementing Measure <sup>18</sup>	Comments
AUSTRIA			Please see standard 1.
BELGIUM	CBFA	Article 15 of the Law of 2 August 2002 With respect of the supervision of the organization of the firms operating ATS, idem as standard 2.	Idem as standard 2. Besides those forthcoming provisions, entities operating a qualifying system are also bound to general code of conduct provisions (currently Article 36 of the Law of 6 April 1995).
DENMARK	The Ministry of Economic and Business Affairs	The Securities Trading Act, etc Consolidated Act, Section 19, par 1-2. Regulated markets must secure that all market users are treated equal and are aware of their rights and obligations.	
FINLAND	The Parliament (see Standard 1 above)  Rahoitustarkastus (see Standard 1 above)  In addition, Rahoitustarkastus may, in order to fulfil the requirements set in the ISD, issue to investment firms and credit institutions further provisions on the procedures to be complied with by them in providing each investment service. The provisions shall take into consideration whether	The requirement to publish the rules of Another Trading Procedure (see Implementing measures in relation to Standard 2) covers the issue addressed by this Standard.  In addition, the provision on conduct of business in Chapter 4, Section 2, Paragraph 1 of the SMA state that investment firms and credit institutions must conclude a contract on the provision of investment services in writing but it is not compulsory when services are provided to a professional investor.  Chapter 4, Section 4, Paragraph 3 of the SMA also requires investment firms and credit institutions to notify clients of information on the investment service and the securities forming the object thereof which may have material effect on the decision making of the client unless this is clearly unnecessary with regard to the nature of investment service or the other circumstances. The duty does not apply when clients are professional investors.	Provisions on conduct of business laid down by Chapter 4 of the SMA in force, and enacted in order to e.g. implement Article 11 of the ISD, apply to Another Trading Procedure only in case where the organiser of Another Trading Procedure is an investment firm or a credit institution (see also Comments in relation to Standard 1 above).

<sup>18</sup> Any derogation to the application of the implementing measures should be mentioned.

	the client is a professional investor.		
FRANCE	AMF	Decision 2003-02, Article 6	
GERMANY	Legislator, Exchange Supervisory Authorities of the Bundesländer	Sec. 59 and 60 BörsG	
GREECE			Please see standard 1.
ICELAND	FME / PARLIAMENT	Article 7 of the Securities Act require: Investment firms, which offer a service of permanent nature to their customers, are required to make a written contract with the customer, entailing the rights and responsibilities of the parties to the agreement.	An access to an ATS does fall within the term “permanent service” in the opinion of the FME. A more detailed implementation awaits revision of the Stock Exchange Act.
IRELAND	IFSRA	COC, Section 2.1-2.7, page 4	Note In the case of investment firms operating as ATs the CESR Standards will be imposed on a case by case basis
ITALY	CONSOB	The nature of the relationship between the operator and the users of the qualifying system have to be clearly identified in the contract required by the provisions in force. Moreover, pursuant to paragraph 4, e), of the Resolution, the operators of alternative trading systems has to notify CONSOB of information about the standard contracts regarding the functioning of the alternative trading system, such as liquidity contracts and those by means of which the operator appoints one or more participants to display quotes.	
LUXEMBOURG			See Standard 1
NETHERLANDS	Ministry of Finance, AFM	The relationship between client and firm is written down in the client agreement. Decree on the Supervision of the Securities Trade 1995 Article 25 1 A securities institution shall conclude a written agreement with each client, which shall form the sole basis for the services that the securities institution performs for the client in the conduct of its business. 2. The agreement shall in any event stipulate the following (a) the rights and obligations of the client and the securities institution under the agreement;	
NORWAY	Parliament	Requires an additional provision in the Securities Trading Act	Not implemented
PORTUGAL		Foreseen in article 6.º, n.º1 of CMVM project of Regulation	The investment firm operating an ATS has to celebrate a written agreement with the users. One relevant aspect of the Portuguese project of Regulation is the possibility of the investment firm being simultaneously a user of the system it operates. In that case, that has to be foreseen in the system rules, trading system has to be able to identify the offers and the transactions in which the investment firm takes part.
SPAIN	CNMV	According to article 79 of the Spanish Exchange Act, Investment Firms will arrange their activity to avoid possible conflicts of interest with their clients.	
SWEDEN	Finansinspektionen [FI]	No explicit implementation measures have been taken.	As a general comment Finansinspektionen follows a timetable for

	(Swedish Financial Supervisory Authority)	This would fall under the general authorisation process or supervision of an ongoing firm.	gradual implementation of the standards and rules. The first step was taken during 2002 with the implementation of some of the rules and the next step is due during 2004 when additional standards and rules will be implemented. The final step towards full implementation will start during 2004.
UNITED KINGDOM	FSA	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.	
CYPRUS		Non applicable	There is no ATS currently operating in Cyprus and no specific legislation has been enacted to regulate such systems. However, an investment firm licensed in another Member State to provide ATS activities, will not be restricted from providing such activities in Cyprus according to the CESR definition
CZECH REPUBLIC			See Standard 1.
ESTONIA			See Standard 1.
HUNGARY			See Standard 1.
LATVIA		The laws or FCMC regulations do not regulate this issue.	See the answer above.
LITHUANIA		Not regulated	
MALTA	As Above	In terms of clause 8 (3) of the Schedule to Legal Notice 3 of 2003 a person (including an investment firm) granted a recognition order under the FMA is required to have rules which <i>inter alia</i> prescribe the criteria for the acquisition, retention and suspension of and disqualification from membership of the system.	
POLAND	The Council of Ministers for enacting	The PSEC has already prepared a draft of new Law on Public Trading of Securities which introduces the delegation for The Council of Ministers for issuing the decree concerning detailed conditions of organizing an ATS. This decree is going to cover all the issues involved. There are no drafts of this decree yet	Polish Securities and Exchange Commission is responsible for drafting  Adoption of the new Act implementing this standard is envisaged to take place according to the current proposal of the Financial Instruments Markets Directive, before deadline for the implementation of the FIM Directive.
SLOVAKIA			See Standard 1.
SLOVENIA			See Standard 1.

<b>Standard/Rule 9</b>	<i>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>		
<b>Country</b>	<b>Implementing Authority(ies)</b>	<b>Implementing Measure<sup>19</sup></b>	<b>Comments</b>
AUSTRIA			Please see standard 1.

<sup>19</sup> Any derogation to the application of the implementing measures should be mentioned.

BELGIUM	CBFA	Article 15 of the Law of 2 August 2002 With respect of the supervision of the organization of the firms operating ATS, idem as standard 2.	Idem as Standard 2 Besides, entities operating a qualifying system are also bound to general code of conduct provisions (currently Article 36 of the Law of 6 April 1995)..
DENMARK	The Ministry of Economic and Business Affairs	The Securities Trading Act, etc Consolidated Act, Section 18 and 19. In connection with an investment decision regulated markets must provide the users of the system with sufficient information about both the type of instruments and any particular conditions, which are valid for the different types of users.	
FINLAND	The Parliament (see Standard 1 above)  Rahoitustarkastus (see Standard 1 above)  In addition, Rahoitustarkastus may, in order to fulfil the requirements set in the ISD, issue to investment firms and credit institutions further provisions on the procedures to be complied with by them in providing each investment service. The provisions shall take into consideration whether the client is a professional investor.	Provisions on conduct of business in Chapter 4, Section 4, Paragraph 2 of the SMA require investment firms and credit institutions to notify their clients of information on the investment service and the securities forming the object thereof which may have a material effect on the decision-making of the client unless this is clearly unnecessary with regard to the nature of the investment service or to the other circumstances (including when the client is a professional investor). The Rahoitustarkastus Guideline on Practices to be Applied in the Provision of Investment Services 201.7 elaborates the contents of this duty to provide information, but the issues listed in the CESR commentary on the Standard are not directly addressed by the Guideline.  The requirement to publish the rules of Another Trading Procedure also covers some of the issues addressed by this Standard (see above Implementing measures in relation to Standard 2).  Furthermore, Chapter 13, Section 17 of the SMA includes a specific provision which prohibits marketing of trading procedures referred to in the SMA by issuing false or misleading information or by using a procedure in violation of proper practice or a procedure that is otherwise improper.	The remaining details addressed by the Standard are going to be implemented in the process of revising the Rulebook (i.e. Regulations and Guidelines) of Rahoitustarkastus. The revision of the relevant rules on conduct of business is expected to be finalised in the course of 2004.
FRANCE	AMF	Decision 2003-02, Article 11	This article answers to the requirement of this standard. Moreover Additional requirement concerning conflicts of interests.
GERMANY	Legislator, Exchange Supervisory Authorities of the Bundesländer	Sec. 59 and 60 BörsG and Sec. 31 ff. WpHG (Securities Trading Act)	
GREECE			Please see standard 1.
ICELAND	FME/PARLIAMENT	According to the Securities Act, Article 5, paragraph 4: Investment firms shall give accurate and precise information on their operation and services. And Article 4 states that I: Investment firms shall operate in accordance with sound and proper business practices, with the integrity of the financial market and the interests of its clients as a guiding light.	FME believes these provisions cover requirement No 9. A more detailed implementation awaits revision of the Stock Exchange Act.

IRELAND	IFSRA		Note In the case of investment firms operating as ATSS the CESR Standards will be imposed on a case by case basis
ITALY	CONSOB	Paragraph 5 of the CONSOB Communication DI/30396 of 21 April 2000	
LUXEMBOURG			See Standard 1
NETHERLANDS	Ministry of Finance, AFM	Decree on the Supervision of the Securities Trade 1995 <u>Article 24</u> A securities institution shall, during the performance of its activities, comply with rules to be laid down by the supervisory authority that serve to ensure that the securities institution: c provides its clients with the information and documents necessary for an assessment of the services offered by it and the securities to which the said services relate;  <b>Further Regulations</b> <u>Article 33</u> 1. A securities institution shall provide its clients in an appropriate manner with the information and documents that are necessary for a proper assessment of the services provided by the securities institution and financial instruments to which the services relate.	In the rules no specific reference is made to informing a client about the system. This is, however, implicit, since a firm must at all times act in the interest of a customer.
NORWAY	Parliament	Requires an additional provision in the Securities Trading Act	Not implemented
PORTUGAL		Foreseen in article 6.º, n.º3 of CMVM project of Regulation	Before the celebration of the agreement, the investment firm operating an ATS has to provide to the potential user all the information relative to the system.
SPAIN	CNMV	The information about the rules of the trading systems is included in their listing and trading rules and it is publicly available. The CNMV is responsible of authorising the trading rules and their changes.	
SWEDEN	Finansinspektionen [FI] (Swedish Financial Supervisory Authority)	No specific implementation measures have been taken. This would fall under the general authorisation process or supervision of an ongoing firm.	As a general comment Finansinspektionen follows a timetable for gradual implementation of the standards and rules. The first step was taken during 2002 with the implementation of some of the rules and the next step is due during 2004 when additional standards and rules will be implemented. The final step towards full implementation will start during 2004.
UNITED KINGDOM	FSA	New provisions has 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. 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.	
CYPRUS		Non applicable	There is no ATS currently operating in Cyprus and no specific legislation has been enacted to regulate such systems. However, an investment firm licensed in another Member State to provide ATS

			activities, will not be restricted from providing such activities in Cyprus according to the CESR definition
CZECH REPUBLIC			See Standard 1.
ESTONIA			See Standard 1.
HUNGARY			See Standard 1.
LATVIA		The laws or FCMC regulations do not regulate this issue.	See the answer above.
LITHUANIA		Not regulated	
MALTA	As Above	In terms of clause 8 (3) of the Schedule to Legal Notice 3 of 2003 a person (including an investment firm) granted a recognition order under the FMA is required to have rules which <i>inter alia</i> refer to procedures with respect to the trading, settlement and depositary services offered by the system provider.	
POLAND	The Council of Ministers for enacting	The PSEC has already prepared a draft of new Law on Public Trading of Securities which introduces the delegation for The Council of Ministers for issuing the decree concerning detailed conditions of organizing an ATS. This decree is going to cover all the issues involved. There are no drafts of this decree yet	Polish Securities and Exchange Commission is responsible for drafting  Adoption of the new Act implementing this standard is envisaged to take place according to the current proposal of the Financial Instruments Markets Directive, before deadline for the implementation of the FIM Directive.
SLOVAKIA			See Standard 1.
SLOVENIA			See Standard 1.

<b>Standard/Rule 10</b>	<i>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>		
<b>Country</b>	<b>Implementing Authority(ies)</b>	<b>Implementing Measure<sup>20</sup></b>	<b>Comments</b>
AUSTRIA			Please see standard 1.
BELGIUM	CBFA	Article 15 of the Law of 2 August 2002	Idem as Standard 2
DENMARK	The Ministry of Economic and Business Affairs		Not implemented
FINLAND	The Parliament (see Standard 1 above)  Rahoitustarkastus (see Standard 1 and 9 above)	This requirement is not directly addressed in the conduct of business rules in force; but as already said above (see Implementing measures in relation to Standard 3), Chapter 3, Section 13, Paragraph 1 of the SMA requires that the rules of Another Trading Procedure include regulations on:  <ul style="list-style-type: none"> <li>the manner, time and extent to which the information relating to the orders or quotes and transactions is made available to the investors and the securities intermediaries and other operators participating in the trading;</li> </ul> In addition, Chapter 3, Section 16, Paragraph 1 of the SMA spe-	

<sup>20</sup> Any derogation to the application of the implementing measures should be mentioned.



		cifically stipulates that trade in these securities may be carried out in Another Trading Procedure only when the availability of information relating to the issuer and trade in securities is ensured in a sufficient way.	
FRANCE	AMF	Decision 2003-02, Article 11	
GERMANY	Legislator, Exchange Supervisory Authorities of the Bundesländer	Sec. 59 and 60 BörsG and Sec. 31 ff. WpHG (Securities Trading Act)	
GREECE			Please see standard 1.
ICELAND	FME	Article 5, paragraph 1: of the Securities Act requires investment firms are required to assess the competence of their clients as investors, and also to provide clear and sufficient information enabling their clients to make an educated investment decision.	
IRELAND	IFSRA		Note In the case of investment firms operating as ATs the CESR Standards will be imposed on a case by case basis
ITALY	CONSOB	<p>Article 2-bis, paragraphs 1 and 2 3<sup>rd</sup> indent, of Consob regulation 11971/98</p> <p style="text-align: center;">ooo</p> <p>Issuers of securities traded on alternative trading systems which are widely distributed among the public are required to inform the public of events occurring in their or their subsidiaries' sphere of activity that has not been made public and that if made public would be likely to have a significant effect on the price of the listed financial instruments. For the purposes of monitoring the accuracy of this information, Consob may:</p> <ul style="list-style-type: none"> <li>(a) require these issuers, the persons that control them and companies controlled by them to provide information and documents, establishing the related procedures;</li> <li>(b) gather information from directors, auditors, auditing firms and managers of companies and of persons referred to in a);</li> <li>(c) carry out inspections at the offices of persons referred to in a).</li> </ul>	
LUXEMBOURG			See Standard 1
NETHERLANDS		This standard has not been taken up in law, but a restriction can be made in the license. In practice, this has not been done, as the only Dutch ATS provides services exclusively to professionals.	
NORWAY	Parliament	Requires an additional provision in the Securities Trading Act	Not implemented
PORTUGAL		Foreseen in article 6.º, n.º5 of CMVM project of Regulation	
SPAIN	CNMV	To develop the formerly mentioned article 82 of the Spanish Exchange Act, Circular 3/99 of the CNMV sets up the trading information that shall be made public by each trading system.	
SWEDEN	Finansinspektionen [FI] (Swedish Financial Supervi-	No specific implementation measures have been taken. This would fall under the general authorisation process or supervi-	As a general comment Finansinspektionen follows a timetable for gradual implementation of the standards and rules. The first step

	sory Authority)	sion of an ongoing firm. It would be required by FI under the existing legal framework	was taken during 2002 with the implementation of some of the rules and the next step is due during 2004 when additional standards and rules will be implemented. The final step towards full implementation will start during 2004.
UNITED KINGDOM	FSA	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 ATs. 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.	
CYPRUS		Non applicable	There is no ATS currently operating in Cyprus and no specific legislation has been enacted to regulate such systems. However, an investment firm licensed in another Member State to provide ATS activities, will not be restricted from providing such activities in Cyprus according to the CESR definition
CZECH REPUBLIC			See Standard 1.
ESTONIA			See Standard 1.
HUNGARY			See Standard 1.
LATVIA		The laws or FCMC regulations do not regulate this issue.	See the answer above.
LITHUANIA		Not regulated	
MALTA	As Above	Vide reply to point (3) above. Moreover, in terms of clause 5 (2) (c) of the Schedule to Legal Notice 3 of 2003 a person (including an investment firm) granted a recognition order under the FMA is required to ensure that appropriate arrangements are made for price sensitive information to be made available to the public.	
POLAND	The Council of Ministers for enacting	According to the current Polish law Public trading of securities (Article 92) the license is granted only to an entity meeting all the requirements defined in Article 91. One of these requirements is to ensure access to information concerning trades concluded within this trading system. In practice it means that such an entity must prepare rules and regulations to organise this trading system.  The PSEC has already prepared a draft of new Law on Public Trading of Securities which introduces the delegation for The Council of Ministers for issuing the decree concerning detailed conditions of organizing an ATS. This decree is going to cover all the issues involved.  There are no drafts of this decree yet	Polish Securities and Exchange Commission is responsible for drafting  Adoption of the new Act implementing this standard is envisaged to take place according to the current proposal of the Financial Instruments Markets Directive, before deadline for the implementation of the FIM Directive.

SLOVAKIA			See Standard 1.
SLOVENIA			See Standard 1.