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

IMPORTANT NOTICE

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

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

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

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

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

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

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

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

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

³ Ref. CESR/02-086b, July 2002.

CORRESPONDENCE TABLE ON STANDARDS FOR INVESTOR PROTECTION
(REF. CESR/01-014D)
PART IV (STANDARDS 91 – 115 RETAIL REGIME)

A CONDUCT OF BUSINESS RULES FOR THE “RETAIL REGIME”**5- DEALING REQUIREMENTS****5.1) RECEPTION AND TRANSMISSION OF CUSTOMER ORDERS**

Standard 91	<i>An investment firm must record and process customer orders in accordance with the customer's instructions and in such a way as to facilitate best execution.</i>		
Country	Implementing Authority(ies)	Implementing Measure ⁴	Comments
AUSTRIA	AP	Art 17 ASSA, Art. 13 ASSA	Art. 17 of the ASSA lays down that an investment firm shall keep record the order and the customer's instruction in this context as well as the execution of the order. Furthermore the investment firm has to keep record of the information given by the customer according to his experience, in or knowledge of transactions that are to be the subject matter of the investment, his objectives sought in such transactions and his financial situation. Finally the investment firm has to act always in the best interest of the customer which contains the commitment to facilitate best execution. This standard is explicitly determined in the ASSA. This standard does not require further implementing measures.
BELGIUM	Parliament and Royal Decrees proposed by the Minister of Finance	Art. 36, § 1, 2° and § 3, Art. 37, 38 and 62 L. 6 April 1995 Art. 6 Market regulation of the regulated market for government bonds (27.12.1995 as modified)	Art. 26, 1°, 8° and 10°, and 27, § 1, 4°, L. 2 August 2002 (to come into force later) Further measures can be taken on the basis of Art. 26, 17°, Art. 28, § 1, 5° and 146 L. 2 August 2002
DENMARK	The Ministry of Economic and Business Affairs Danish Financial Supervisory Authority	Executive order on Good Securities Trading Practices, section 5. Guidance on Executive order on Good Securities Trading Practices, section 5. (The above mentioned rule states that investment firms should handle orders in a way to facilitate best execution. and in accordance with the customer's instructions.)	
FINLAND	Parliament Rahoitustarkastus	Chapter 4, Section 4, Paragraph 1 and Chapter 4, Section 2, Paragraph 4 of the Securities Markets Act. Rahoitustarkastus Guideline on Practices to be applied in the	

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

		Provisions of Investment Services (201.7).	
FRANCE	AMF	Article 3-3-1 of the GR of the CMF	This provision requires order execution to be performed in such a way as to ensure best execution and the respect of client requests. The general obligation is also implicit in the more specific obligations discussed below.
GERMANY	BaFin	Section 34 WpHG	
GREECE		Sections 5.1, 9.1 of the Code of Conduct of Investment Services Firms and article 8 paragraphs 2,3,4 of Law 2396/1996 on “Investment Services in the securities field, capital adequacy of Investment Services Firms and credit institutions and shares’ dematerialisation”, require investment services firms to record and process customer orders in accordance with the customer’s instructions and in such a way as to facilitate best execution.	
ICELAND	Parliament, The Iceland Stock Exchange, FME	Art. 9 of the Securities act: “In carrying out trading instructions, a financial undertaking shall ensure the best possible price for its customers and most favourable option in other respects, as appropriate in each instance.” and art. 6 para. 3 of Rules nr. 5 on Ethics for Members of the Icelandic Stock Exchange: “Exchange members shall record and preserve all information on transactions in order to be able to answer client questions or those of reviewing parties, e.g. the Iceland Stock Exchange and the Financial Supervisory Authority regarding execution of a transaction in question.”	General clause regarding FME’s Directive Requests: The FME plans to make changes to Directive Request no. 1/2001 and to issue a new directive request to fulfill its obligations to implement the CESR standards on investor protection, where this is within its authority. A first consultation paper regarding the CESR standards on investor protection was issued in October 2003. A second consultation paper will be published in the first half of 2004. Finalized Directive Requests on investor protection are estimated to have taken effect in the third quarter of 2004. This estimated timing of implementation is made with the reservation that it is subject to the outcome of the consultation process, where among other matters, the authority of the FME to implement some of the rules may be called into question.
IRELAND	IFSRA	<u>COC, Section 7</u> Sections 7.1 to 7.4 concern transaction requirements <u>COC, Section 14</u> As at 17 above.	See HISF, COC, page 10
ITALY	CONSOB	Article 21, paragraph n. 1, of Legislative decree n. 58/1998 <i>(General criteria)</i> ○○○ Article 26, paragraph n.1 of Consob Regulation 11522 <i>(General rules of conduct)</i> ○○○ Article 33, paragraph n.1 of Consob Regulation 11522 <i>(Reception and transmission of orders)</i>	Consob has already published for consultation a revision of its regulation n. 11522 of 1 July 1998 on investment services in the securities field to clarify the specific obligations arising from the general principles laid down in the provisions at present in force.
LUXEMBOURG	CSSF	According to principle 1.2. of the circular CSSF 2000/15 the professional shall do his utmost to see that orders received and accepted by him are executed on the best possible terms, in the light of such factors as particular client requests, the conditions prevailing in the market(s) concerned and the purpose of the orders received.	
NETHERLANDS	Ministry of Finance or AFM: deliberations are pending	A securities firm must execute orders at the best possible price, unless instructed otherwise (art 30(2) NR2002). Order processing and order administration is regulated in annex 4, art. 4.15 NR	It is not stated that order processing and recording is in accordance with the client’s instructions.

		2002.	
NORWAY	Parliament Kredittilsynet ANSC	STA section 9-1 and 9-2 Regulation 1996/950 Ethical Norms article 1-1 Obligation laid down by law, word by word. Legal obligation to keep records. The details are laid down in the regulation. The obligation to ensure best execution is also underpinned by the ANSC's ethical norms	
PORTUGAL		Article 330 of the Portuguese Securities Code	
SPAIN	Ministry of Economy / C.N.M.V.	ROYAL DECREE 629/1993, OF 3 MAY, GOVERNING RULES OF ACTION IN THE SECURITIES MARKETS AND OBLIGATORY RECORD-KEEPING. Article 6. Record of Transactions. And ANNEX: GENERAL CODE OF CONDUCT FOR THE SECURITIES MARKETS. Article 2. Care and diligence.	
SWEDEN	Finansinspektionen		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	The FSA Handbook areas relating to Systems and controls (SYSC) and Conduct of business (COB) cover this standard. Principle 6 requires a firm to pay due regard to the interests of its customers and to treat them fairly. COB 7.12.43R and COB 7.12.6E – a firm must ensure by the establishment and maintenance of appropriate procedures that it promptly records adequate information when a customer order arises and the firm executes it. COB 7.5.3R – a firm that executes a customer order in a designated investment must provide best execution (Exceptions in COB 7.5.4R).	Record keeping provisions are in both SYSC and COB. Standard 91 states that an investment firm must "record ... in such a way as to facilitate as to facilitate best execution." COB 7 provides for the firm to ensure that it records adequate information promptly but does not expressly specify a specific way in which this is to be done. Processing and execution of orders are covered, in particular, by COB 7.4 (Customer order priority), COB 7.5 (Best execution), COB 7.6 (Timely execution), COB 7.7 (Aggregation and allocation), COB 7.12 (Customer order and execution records).
CYPRUS	Cyprus Securities and Exchange Commission and the Central Bank of Cyprus	Paragraph 2 of Annex 3 and paragraphs 1 and 2 of Part I of Annex 8 of the Code of Business Conduct for Investment Firms and the Natural Persons employed by them, Directive 1/2003	
CZECH REPUBLIC	Securities Commission	PART THREE, CHAPTER I, Section 47b (1) i) of the Securities Act PART TWO, Sect. 20 of the Decree by the Czech Securities Commission Stipulating Detailed Organisation Rules for the Internal Operations of Brokerage Houses and Detailed Rules for the Conduct of Brokerage Houses in Relation to Consumers	
ESTONIA	The EFSA, the operator of exchange	Guideline. TSE Rules and Regulations "Trading Rules" p 3.1.2: The amount of	

		securities displayed in the transaction order by the exchange member must be agreed upon with the client so that it ensures the execution of the client's transaction at the most favourable terms and at the best possible price.	
HUNGARY	Parliament	Sections 108 and 115 of CMA	<ul style="list-style-type: none"> - Investment service providers and commodities brokers shall develop and operate an organization, and shall adopt operating, procedural and recording systems, featuring a construction consistent with the nature of the activities and with the risks inherent in them, and having sufficient facilities to minimize the possibility of any danger of conflicts of interest between the investment service provider or the commodities broker and their clients, or among clients, to the detriment of clients; - investment service providers and commodities brokers shall inform their clients, prior to entering into a contract concerning the services they provide as licensed, on the current prices of investment instruments and/or exchange-traded instruments, on previous changes in such prices, on the marketability of the instruments, on public information, on the risks involved, on the investor protection scheme if any, and shall supply all other information that may be of consequence regarding the conclusion and settlement of the contract, - investment service providers and commodities brokers, prior to entering into a contract involving derivative instruments, must investigate whether the offered investment instruments, exchange-traded instruments, transaction type, investment construction is feasible in terms of the client's knowledge of the market and his financial situation with regard to such exposure.
LATVIA	FCCM	According to Article 3.1 of the FCCM Regulations for Conducting Securities Transactions , an investment service provider may start the execution of a client's order only when the order form has been filled in.	
LITHUANIA		Upon reception of a client's order buy or sell securities, the member of Association must put efforts to find the best market for it and execute it in the best possible way. (Chapter 6 of Code of Ethics).	
MALTA	MFSA	SLC 3.03 (a) / (b)	
POLAND	Parliament for the law Council of Ministers for decree	There is a draft of a new Polish Law on Public Trading of Securities prepared which includes a delegation for issuing by Council of Ministers the decree concerning inter alia conduct of business rules. The decree is going to expressly establish such obligation.	Polish Securities and Exchange Commission is responsible for drafting and the Council of Ministers for approving 30 September 2003 draft approved by the Council of Ministers whilst its entry into force envisaged for 1 May 2004.
SLOVAKIA	MF FMA	Act No 566/2001 on Securities and Investment Services Article 75	An investment firm is obliged to keep a ledger of received client orders and transactions executed on a basis of these orders.
SLOVENIA	Parliament	SMA-1; A: 146	A: 147 of the SMA-1 An investment firm executes orders to buy and/or sell securities on the organised market by entering the appropriate offer or demand

			in the central information base of the stock exchange information system.
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Rule 93	<p><i>An investment firm must ensure that, prior to their transmission for execution, orders given by customers are clear and precise and include the following:</i></p> <ul style="list-style-type: none"> <i>a) the name of the customer and of any person acting on his behalf,</i> <i>b) the date and time of the order,</i> <i>c) the financial instrument to be traded,</i> <i>d) the size of the order,</i> <i>e) the nature of the order, e.g., subscription, buy, sell, exercise etc.,</i> <i>f) any other relevant details and particular instructions from the customer for the order to be properly transmitted and executed, e.g. limit orders, validity period and market of execution;</i> <i>g) the account for which the order has to be executed.</i> 		
Country	Implementing Authority(ies)	Implementing Measure ⁵	Comments
AUSTRIA	AP AFEC, FMA AP	Art 17 ASSA Art 384 Austrian Commercial Code General terms and obligation of Austrian Credit Institutions; Securities reporting decree Art 18 ASSA	To execute an order the mentioned items need to be recorded by the investment firm, detailed provisions are determined in the ASSA.. Art 17 par 1 ASSA lays down that the investment firm shall keep records of the order and the customer's instructions in this context as well as the execution of the order, the name of the employee who has contacted the customer and the time of placement and execution of the order; As commission agent the credit institution has to fulfil the order in diligence of a prudent business man. The GTC and the securities-reporting decree – this decree obliges the credit institutions to report all relevant information concerning securities transaction in a predetermined electronically way to the FMA. In addition the computer based execution systems used by Austrian credit institutions ensure the compliance with that rule as well. This rule does not require further implementing measures.
BELGIUM	Parliament and Royal Decrees proposed by the Minister of Finance	See St. 91	See St. 91
DENMARK	The Ministry of Economic and Business Affairs Danish Financial Supervisory Authority	Executive order on Good Securities Trading Practices, section 4, par 4. Guidance on Executive order on Good Securities Trading Practices, section 4. (The above mentioned rules state that investment firms prior to transmission/execution of orders should ensure, that customers orders are clear including the information mentioned.	
FINLAND	Rahoitustarkastus	Rahoitustarkastus Guideline on Practices to be applied in the Provisions of Investment Services (201.7).	No precise requirement for the customer order to be clear and precise. No detailed provisions as to points b), e) and g). The Rahoitustarkastus regulations and guidelines are currently

⁵ Any derogation to the application of the implementing measures should be mentioned.

			under general restructuring and revision. The need for specifying provisions concerning the conduct of business rules is under discussion in that project. The consultation paper is scheduled to be sent out for consultation in early 2004.
FRANCE	AMF	Article 3-3-10 of the GR of the CMF	This provision explicitly requires only that the firm receiving and transmitting orders be able to prove that the order was issued by the customer (not by the firm) and to provide evidence of the times at which the order was received and transmitted. The provision does not require the other information listed in the CESR rule. This other information will naturally be contained in the order, but the definition of the detailed content of orders is left to the customer agreement.
GERMANY	BaFin	Section 34 WpHG	
GREECE		Article 8 paragraphs 2,3,4 of Law 2396/1996 on "Investment Services in the securities field, capital adequacy of Investment Services Firms and credit institutions and shares' dematerialisation" requires that investment services firms record in detail the orders they are given by customers and the transactions they conclude with regard to the investment services they provide. Ministerial Decision 6280/b508/17-5-1989 sets out in detail that orders include information as in a), b), c), d), e), f), g).	
ICELAND	FME		See general clause regarding FME's Directive Requests.
IRELAND	IFSRA	<u>GS &RR Section 2</u> The firm is required to satisfy the Bank on a continuing basis, that it has adequate management resources to conduct its activities effectively.	
ITALY	CONSOB	Article 21, paragraph n. 1, of Legislative decree n. 58/1998 <i>(General criteria)</i> ○○○ Article 56, paragraph n. 2 of Consob Regulation 11522 <i>(Internal procedures)</i> ○○○ Article 60, paragraph n. 1 of Consob Regulation 11522 <i>(Confirmation of orders)</i> ○○○ Article 63, paragraph n. 4 of Consob Regulation 11522 <i>(Recording of orders and transactions)</i>	Consob has already published for consultation a revision of its regulation n. 11522 of 1 July 1998 on investment services in the securities field to clarify the specific obligations arising from the general principles laid down in the provisions at present in force.
LUXEMBOURG		No specific rules	
NETHERLANDS	Ministry of Finance or AFM: deliberations are pending	Requirements of 93 are in line with art 4.15 NR2002	
NORWAY	Parliament Kredittilsynet	STA, section 11-2 and 9-7. Regulation 1996/950, which has its legal basis in STA section 9-7. Details concerning the identity of the customer, the order and recordkeeping are laid down in the regulation. STA section 9-2 obliges investment firms to ensure best execution.	
PORTUGAL		Article 53 e 54 of Regulation 12/2000, CMVM.	

SPAIN	Ministry of Economy / C.N.M.V.	COMISIÓN NACIONAL DEL MERCADO DE VALORES CIRCULAR 3/1993, DATED 29 DECEMBER, REGARDING THE RECORD OF TRANSACTIONS AND ORDER SUPPORT ARCHIVE Rule 5. File content.	
SWEDEN	Finansinspektionen	Regulation on Conduct of Business Rules (2002:7), Chap 6 Dealing requirements. Section 2. Section 2 explicitly requires investment firms to document information on a) – f) in rule 93	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	Systems and controls requirements: SYSC 3.2.20 (Records) Conduct of business sourcebook: COB 7.12. applies inter alia where a firm receives and/or executes a customer order. COB 7.123 – 7.12.6 (Record keeping requirement) COB 7.12.6E (1) sets out minimum contents of customer order and execution records when a customer order arises. This covers CESR Standard 93 a)-g). In relation to 93 a), please see also the paragraph on intermediaries in the Comment column.	The FSA imposes a general obligation to make and retain records of dealings that are the subject of regulatory obligations. The FSA Rules require the “making of records” rather than checking that the order is “clear and precise” before execution. However, this achieves a similar result. The COB record keeping rules rely on who the customer is – where there is a further intermediary involved, this intermediary will be the customer and not the underlying consumer. But the record keeping requirements will bite on that initial intermediary. There are specific obligations in COB 7.12, which require a record of the matters mentioned in this standard to be made and retained by firms that receive orders from customers. In relevant circumstances a firm is obliged to make additional records if this is appropriate. 93 a) – g): see COB 7.12.6E (1) (a)-(f) and (2)
CYPRUS	Cyprus Securities and Exchange Commission and the Central Bank of Cyprus	Paragraph 2 of Part I and Part IV of Annex 8 of the Code of Business Conduct for Investment Firms and the Natural Persons employed by them, Directive 1/2003	
CZECH REPUBLIC	Securities Commission	PART THREE, CHAPTER I, Section 47 of the Securities Act PART TWO, Sect. 12 (1) h) of the Decree by the Czech Securities Commission Stipulating Detailed Organisation Rules for the Internal Operations of Brokerage Houses and Detailed Rules for the Conduct of Brokerage Houses in Relation to Consumers	The requirements as to orders are not specified exactly but can be deduced from the requirements of the order day-book which every investment firm must keep.
ESTONIA	The EFSA.	Guideline.	
HUNGARY	HFSA BSE	Methodological Guideline No. 1/2003 of the President of the HFSA Code of Trading of the Budapest Stock Exchange	Under Hungarian law there is no regulation listing the minimum requirements concerning the orders. According to the Methodological Guideline No. 1/2003 of the President of the HFSA – legally not binding – orders must include at least the name of the customer, the exact date and time of the order, the financial instrument to be traded, the size of the order, the nature of the order, and the requirements of the customer regarding to the price and the method of execution. According to the Code of Trading of the BSE the order given by the investment service provider to the electronic trading book is a unilateral statement of the intention to engage in a deal which has – as a minimum – shall contain the following fundamental data: - name of the exchange product - name of the security board,

			<ul style="list-style-type: none"> - an indication of order direction, - an indication of quantity, - in fill minimum orders, an indication of the minimum fill quantity, - an indication of price, - indication of trigger price in “stop limit” and “stop market” orders, - order method, - order class, - order maturity, - trading account ID, - direction of a position in the derivative section, - the “purge on logoff” setting in the derivative section. <p>The customer has to give such kind of orders to the providers, which are suitable to identify the orders given by the providers to the trading book. (Section 8.1.2. of the Code of Trading of the Budapest Stock Exchange)</p>
LATVIA	FCMC	<p>According to Article 3.4 of the FCMC Regulations for Conducting Securities Transactions, the order form must contain at least the following data:</p> <ol style="list-style-type: none"> 1) the client's identification data; 2) the type of security; 3) the type of the transaction (buying, selling, pledging, deregistration etc.); 4) number of securities; 5) price or mechanism for its determination (market price, the admissible interval, etc.); 6) the time period for which the order is valid; 7) the relevant market (central market, continuous trade for fixed price; continuous trade for variable price; all market segments, etc.); 8) the timing (year, months, day, hour and minutes) and the means of its submission; 9) the securities account number and current account number of the client submitting the order; 10) the account number of the person receiving the securities; 11) the signature of the client, where the order form has been filled in by the client in writing. 	
LITHUANIA		<p>Financial brokerage company may carry out operations concerning client's securities only under the client's order, placed according to the procedure set out in these Rules. A client's order placed with the financial brokerage firm shall contain information sufficient for the financial brokerage firm to execute the client's will.</p> <p>The financial brokerage firm has a right to accept only those orders of clients, which comply with the requirements for the form and manner of placement set forth in these Rules and the agreement between the client and the firm (Paragraph 6 and 12 of Rules on</p>	

		Placement and execution of clients' orders).	
MALTA			Not catered for in local rules. Such details would be in practice requested by the investment firm in order for this to be in a position to execute instructions in a prompt and timely fashion.
POLAND	Council of Ministers for enacting	According to the Decree of the Council of Ministers dated September the 3 rd , 2002, in the matter of the procedures and the conditions to conduct operations for brokerage houses, banks conducting brokerage activities and banks keeping securities accounts, the client's order must contain in particular: Full name (business name or name) and account number of the customer; Date and time of issue; Type, code and number of securities covered by the order; Subject matter of the order (to buy or to sell securities); Identification of the price; Identification of the order's validity; Identification of the regulated market to which the broker's order issued on the basis of the order is to be forwarded; Customer's certificate that that order complies with foreign exchange provisions – in case of order to buy or sell securities traded on foreign regulated markets; and Signature of the customer or his proxy. (Par. 23.1).	Polish Securities and Exchange Commission is responsible for drafting
SLOVAKIA	MF FMA	Act No 566/2001 on Securities and Investment Services Article 75	An investment firm must ensure that, prior to their transmission for execution, orders given by customers include all of the requirement stated in the rule 93 on the left of this document.
SLOVENIA	Parliament	SMA-1; A: 144 Decision on the Provision of Services with regard to Securities, A: 3 PLEASE SEE THE COMMENTS	- any other conditions for the execution of the order and in the case of an order for execution abroad also the foreign securities market on which the order is to be executed and the business name and head office address of the organization that will execute the order abroad, - the full name and signature of the responsible person of the firm. Those provisions apply also accordingly in the case of a change to an order or the cancellation of an order.

Rule 94	<i>An investment firm must record orders immediately, documenting and verifying all relevant items of proper execution.</i>		
Country	Implementing Authority(ies)	Implementing Measure ⁶	Comments
AUSTRIA	AP	Art 17 ASSA	The recording of all relevant items of proper execution is statutorily determined in the ASSA. This standard does not require further implementing measures. Please see 93.
BELGIUM	Parliament and Royal	See St. 91, especially art. 6 of the market regulations of the	See St. 91

⁶ Any derogation to the application of the implementing measures should be mentioned.

	Decrees proposed by the Minister of Finance	regulated market for government bonds	
DENMARK	Parliament The Ministry of Economic and Business Affairs Danish Financial Supervisory Authority	Financial Business Act, section 71, par. 1, no 1 and no 2 Guidance for investment companies on Financial Business Act, section 15. (The above mentioned rules state that investment firms should have internal business procedures on recording and verifying orders.)	Implemented in general terms.
FINLAND	Parliament Rahoitustarkastus	Chapter 4, Section 4, Paragraph 1 and Chapter 4, Section 1 of the Securities Markets Act. Rahoitustarkastus Guideline on Practices to be applied in the Provisions of Investment Services (201.7).	
FRANCE	AMF	Article 3-4-4 of the GR of the CMF	
GERMANY	BaFin	Section 34 WpHG	
GREECE		Article 8 paragraphs 2,3,4 of Law 2396/1996 on “Investment Services in the securities field, capital adequacy of Investment Services Firms and credit institutions and shares’ dematerialisation”, Ministerial Decision 6280/B508/17-5-1989 and Decision 6160/15-10-1996 of the Hellenic Capital Market Commission, require investment services firms to record orders they receive immediately documenting and verifying all relevant items of proper execution.	
ICELAND	FME		See general clause regarding FME’s Directive Requests.
IRELAND	IFSRA	<u>B&RR Section 4.1</u> Section 4.1 concerns Minimum Content of Records. <u>COC, Section 11</u> As at 26 above.	See HISF, B&RR, page 4
ITALY		Article 63, paragraph n. 1, 2 and 5 of Consob Regulation 11522 <i>(Recording of orders and transactions)</i>	
LUXEMBOURG	CSSF	According to Circular LMI 93/102, investment firms must record orders immediately documenting and verifying all relevant items of proper execution.	
NETHERLANDS	Ministry of Finance or AFM: deliberations are pending	Data shall be recorded without delay upon receipt of an order. Requirements are in line with 93/94.	
NORWAY	Parliament	STA, section 9-7 According to the 1996/950, the information shall be recorded automatically	
PORTUGAL		Article 327 of the Portuguese Securities Code and article 52 of Regulation 12/2000, CMVM	
SPAIN	Government/Ministry of Economy / C.N.M.V.	ROYAL DECREE 629/1993, OF 3 MAY, GOVERNING RULES OF ACTION IN THE SECURITIES MARKETS AND OBLIGATORY RECORD-KEEPING. Article 6. Record of Transactions. And Article 8. Order Support Archive.	.
SWEDEN	Finansinspektionen	Regulation on Conduct of Business Rules (2002:7), Chap 6 Dealing requirements. Section 1	Finansinspektionen follows a timetable for gradual implementation of the standards and rules. The first step was taken during 2002

		Chap 6 Section 1 requires an investment firm to document orders upon receipt thereof from the customer.	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	Please see details in our response to CESR Rule 93, above.	The obligations in COB 7.12 require the record to be made promptly. It is not clear what is meant in CESR Standard 94 by "verifying all relevant items of proper execution". Presumably it contemplates recording of all details relevant to the customer's order so that execution can be carried out effectively but further clarification might be necessary.
CYPRUS	Cyprus Securities and Exchange Commission and the Central Bank of Cyprus	Paragraph 2 of Part I of Annex 8 of the Code of Business Conduct for Investment Firms and the Natural Persons employed by them, Directive 1/2003	
CZECH REPUBLIC	Securities Commission	PART THREE, CHAPTER I, Section 47c (2) of the Securities Act PART TWO, Sect. 10 (2) e) of the Decree by the Czech Securities Commission Stipulating Detailed Organisation Rules for the Internal Operations of Brokerage Houses and Detailed Rules for the Conduct of Brokerage Houses in Relation to Consumers	
ESTONIA	The EFSA.	Guideline.	
HUNGARY	Parliament HFSA	Sections 119 and 120 of CMA Methodological Guideline No. 1/2003 of the President of the HFSA	According to the Act on the capital market investment service providers and commodities brokers shall keep records of all dealings on their own account, agency contracts and consignments in sequence, in a uniform system. Investment service providers and commodities brokers shall keep separate records of transactions performed on their own account from those performed on behalf of clients. Unless otherwise prescribed by law, investment service providers and commodities brokers shall retain all of the records on their activities performed under the Act on the Capital market on file for eight years from the date of settlement or termination of the contract to which they pertain. Investment service providers and commodities brokers can refuse to provide service in some listed cases, otherwise they are obliged to accept the orders. Methodological Guideline No. 1/2003 of the President of the HFSA deals with this uniform registration system. This document shows the "best practice" of order registration including all the relevant requirements for the whole documentation of orders.
LATVIA	FCMC	According to Article 3.8 of the FCMC Regulations for Conducting Securities Transactions , all orders, notwithstanding the way they were submitted, must be registered in a register held by the investment service provider.	
LITHUANIA		Not regulated	
MALTA	MFSA	SLC 8.06	
POLAND	Council of Ministers for enacting	According to the Decree of the Council of Ministers dated September the 3 rd , 2002, in the matter of the procedures and the conditions to conduct operations for brokerage houses, banks	Polish Securities and Exchange Commission is responsible for drafting,

		conducting brokerage activities and banks keeping securities accounts, an authorised employee of a brokerage house shall confirm the placing of an order by a client. The brokerage house is obliged to issue a broker's order on the basis of client's order. There is also an obligation for brokerage house to record every instruction form client on magnetic or optical information carriers. (Par. 24, Par. 23.12, Par. 59).	
SLOVAKIA	MF FMA	Act No 566/2001 on Securities and Investment Services Article 75	See above
SLOVENIA	Parliament	SMA-1; A: 144, P:2 SMA-1; A: 173	Investment firms are obliged to run an order book of all orders of clients, investment firms' own orders and other in a way that it is always possible to check all the orders and matching transactions. This is a subject of Agency's supervision of investment firms.

Rule 95			
<i>An investment firm must keep a record of telephone orders on magnetic tape or an equivalent medium. Investment firms must duly inform the customer that the conversation will be recorded.</i>			
Country	Implementing Authority(ies)	Implementing Measure⁷	Comments
AUSTRIA	AFEC	Austria Data Protection Act	The obligation of keeping record of a telephone order on magnetic tape will be implemented as market standard, if there is no further written confirmation of the order of the customer. The obligation to inform a customer about the fact that the telephone conversation will be recorded is a substantial principal of Austrian law reflected in the Austrian Data Protection Act.
BELGIUM	Parliament and Royal Decrees proposed by the Minister of Finance	See St. 91 See also: the obligation of voice recording for derivatives contracts provided for in the Euronext Rule Book, rule B-9204 j° Art. 36, § 1, 3°, L. 6 April 1995	See St. 91
DENMARK			The Ministry of Economic and Business Affairs is the competent Authority for deciding on the further implementation. The Danish Financial Supervisory Authority has approached the Ministry of Economics and Business Affairs in that regard
FINLAND	Rahoitustarkastus	No provisions available.	In practise all the investment firms keep a record of telephone orders on magnetic tape or an equivalent medium. In Finland approximately 70 % of orders made by non-professional investors are given through the internet service of investment firms. The Rahoitustarkastus regulations and guidelines are currently under general restructuring and revision. The need for specifying provisions concerning the conduct of business rules is under discussion in that project. The consultation paper is scheduled to be sent out for consultation in early 2004.
FRANCE		Article 3-4-3 of the RG of the CMF	This provision requires taping of telephone conversations only of traders and other staff "who participate in the commercial

⁷ Any derogation to the application of the implementing measures should be mentioned.

			relationship with customers, if the compliance officer considers it necessary in view of the amounts or risks involved”, this second category including staff who receive client orders.
GERMANY	Legislator	Not implemented	No legal basis Proposal for amendment of law will be presented to the ministry of finance
GREECE		An Internal Working Group of Experts has been established within the Hellenic Capital Market Commission aiming at preparing the remaining additional regulations for the full implementation of CCSR Standards on Investor Protection. We expect the final outcome of this work to be available at the beginning of next year. In addition, some investment services firm do keep records of telephone orders, but before taping the communications with their clients they should inform them about the obligation to keep confidential any information received under the Law on data protection.	
ICELAND	FME	Investment firms are however authorized to record telephone orders and if they do so must inform the customer that the conversation may be recorded (Art. 48 of the Act on Telecommunications nr. 81/2003)	See general clause regarding FME’s Directive Requests.
IRELAND	IFSRA	<u>B&RR, Section 5.3</u> As at 84 above.	
ITALY	CONSOB	Article 21, paragraph n. 1, of Legislative decree n. 58/1998 <i>(General criteria)</i> ○○○ Article 60, paragraph n. 2 and 3 of Consob Regulation 11522 <i>(Confirmation of orders)</i>	Consob has already published for consultation a revision of its regulation n. 11522 of 1 July 1998 on investment services in the securities field to clarify the specific obligations arising from the general principles laid down in the provisions at present in force.
LUXEMBOURG	CSSF	See 94	
NETHERLANDS	Ministry of Finance or AFM: deliberations are pending	Not implemented	
NORWAY	Parliament Kredittilsynet ANSC	STA, section 9-7 and Regulation 1996/950 Gen. Business Terms, article 7-1(2)	The Ministry of Finance is currently in process of issuing a regulation on the recording of telephone orders. The legal basis for that regulation was adopted this summer.
PORTUGAL			Not implemented
SPAIN	Government/ Ministry of Economy / C.N.M.V.	ROYAL DECREE 629/1993, OF 3 MAY, GOVERNING RULES OF ACTION IN THE SECURITIES MARKETS AND OBLIGATORY RECORD-KEEPING. Article 8. Order Support Archive. And COMISIÓN NACIONAL DEL MERCADO DE VALORES CIRCULAR 3/1993, DATED 29 DECEMBER, REGARDING THE RECORD OF TRANSACTIONS AND ORDER SUPPORT ARCHIVE Rule 2. Order Support Archive.	
SWEDEN	Finansinspektionen	Regulation on Conduct of Business Rules (2002:7), Chap 6 Dealing requirements. Section 8 Chap 6 Section 8 explicitly requires investment firms to record telephone orders. . The customer information requirement in the last sentence is not implemented	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	COB 7.12 (Customer order and execution records) requires that records are made and kept, but the form of the record is not mandated – it can be any means appropriate to the business.	Some exchanges require their members to maintain voice recording systems (e.g. London Stock Exchange, rule 4170-4171) Taping of a customer's telephone conversations is limited by other legislative requirements (e.g. the Regulation of Investigatory Powers Act). However, it is permitted if the customer consents. Some additional provisions allow businesses to record calls for limited business purposes (Telecommunications (Lawful Business Practice) (Interception of Communications) Regs 2000). This is consistent with the limited exception to the ban on taping in Directive 97/66/EC.
CYPRUS	Cyprus Securities and Exchange Commission and the Central Bank of Cyprus	Paragraph 3 of Part IV of Annex 8 of the Code of Business Conduct for Investment Firms and the Natural Persons employed by them, Directive 1/2003	
CZECH REPUBLIC	Securities Commission	PART ONE, Sect. 2 (2) g-j) of the Decree by the Czech Securities Commission Stipulating Detailed Organisation Rules for the Internal Operations of Brokerage Houses and Detailed Rules for the Conduct of Brokerage Houses in Relation to Consumers PART TWO, Sect. 16 (2) h) of the Decree by the Czech Securities Commission Stipulating Detailed Organisation Rules for the Internal Operations of Brokerage Houses and Detailed Rules for the Conduct of Brokerage Houses in Relation to Consumers	
ESTONIA	The EFSA.	Guideline.	
HUNGARY	Parliament	Section 3 of Government Decree No. 205/1995	The investment firm must keep the record of telephone orders on magnetic tape or an equivalent medium as long as the contract based on this order is still not in written form. After the signing of the contract the telephone order doesn't have to be kept any more, but all the relevant order details (date, time, direction, size, other requirements) remain accessible in the uniform order registration system.
LATVIA	FMC	Article 3.3. of the FMC Regulations for Conducting Securities Transactions provides that where the client's orders are submitted via phone, e-mail or other electronic means of communication, the investment service provider shall register all the information which must be contained in the order handed in paper form. For the registration procedure see the answer to item 91.	
LITHUANIA		10. The client has a right to place an order in a non-written form established in the agreement with the financial brokerage firm. Upon receipt of an unwritten order, the broker shall immediately, but not later than by the end of the working day, fill in the order form on the basis of the received non-written information, specifying the date and time when the information was submitted (not the date and time of filling in the order form) and sign the order indicating own full name. In such cases, the order form must have an indication that the client's order was submitted in a non-written form. A client's order may be submitted to the financial brokerage firm	

		in the manner provided for in par. 10 of these Rules, where the financial brokerage firm registers, in the manner provided for in the laws, evidence verifying the fact of the placement of the client's order and its contents, including the date and time of the placement (Paragraph 10 and 11 of Rules on Placement and execution of clients' orders).	
MALTA	MFSA		Not catered for in local rules.
POLAND	Council of Ministers for enacting	According to the Decree of the Council of Ministers dated September the 3 rd , 2002, in the matter of the procedures and the conditions to conduct operations for brokerage houses, banks conducting brokerage activities and banks keeping securities accounts, there is an obligation for brokerage house to keep the forms of orders as well as records of any instructions on magnetic or optical information carriers. (Par. 59.3) There is a draft of a new Polish Law on Public Trading of Securities prepared which includes a delegation for issuing by Council of Ministers the decree concerning inter alia conduct of business rules. The obligation of informing the customer about recording the conversation is going to be one of the expressly established rules.	Polish Securities and Exchange Commission is responsible for drafting 30 September 2003 draft approved by the Council of Ministers whilst its entry into force envisaged for 1 May 2004.
SLOVAKIA	MF FMA	Act No 566/2001 on Securities and Investment Services Article 75	See above
SLOVENIA	Parliament		Record of telephone orders is considered a part of documentation that each investment firm is obliged to keep according to the regulation. It must be presented to the Agency in case of the supervision.

Rule 96			
<i>Before transmitting orders on behalf of several beneficiaries on an aggregated basis, an investment firm must pre-assign such orders in order to ensure that they can identify and match the orders with the relevant customer at any time.</i>			
Country	Implementing Authority(ies)	Implementing Measure⁸	Comments
AUSTRIA	AP	Art 18 ASSA	The computer based execution systems used by Austrian credit institutions ensure the compliance with this rule, so that the pre-assign can be assumed as common market standard. This rule does not require further implementing measures. Furthermore, investment firms shall ensure adequate monitoring and security regarding electronic data processing.
BELGIUM	Parliament and Royal Decrees proposed by the Minister of Finance	See St. 91	Art. 26, 9°, L. 2 August 2002.(to come into force later) Further measures can be taken on the basis of Art. 26, 17° and 146 L. 2 August 2002
DENMARK	Parliament	Financial Business Act, section 71, par 1, no 1 and no 2	Implemented in general terms

⁸ Any derogation to the application of the implementing measures should be mentioned.

	Danish Financial Supervisory Authority	Guidance for investment companies on Financial Business Act, section 15. (The above mentioned rules state that investment firms should have internal business procedures on aggregating and pre-assigning orders.)	
FINLAND	Parliament Rahoitustarkastus	Chapter 4, Section 4, Paragraph 3 of the Securities Markets Act. Rahoitustarkastus Guideline on Practices to be applied in the Provisions of Investment Services (201.7).	General rule, no detailed provisions. The Rahoitustarkastus regulations and guidelines are currently under general restructuring and revision. The need for specifying provisions concerning the conduct of business rules is under discussion in that project. The consultation paper is scheduled to be sent out for consultation in early 2004.
FRANCE	AMF	Article 3-4-12 of the GR of the CMF Article 16 of COB Regulation 96-03 (on portfolio management)	
GERMANY	BaFin	Guideline, Part B.3.5 par. 2	
GREECE		Section 9.2 of the Code of Conduct of Investment Services Firms requires that "investment firms will not conclude uniform transactions for the execution of the same kind of client orders in case the relevant consent of the client has not been secured or in case that, according to their reasonable estimate, the unified execution of orders may be detrimental to the interests of the relevant principals. In the event that the unified execution of the clients' orders covers only a part of the client's order, the proceeds of the relevant transaction will be allocated fairly between the clients and at priority in relation to the orders provided for their own account or for the account of persons connected to them."	
ICELAND	FME		See general clause regarding FME's Directive Requests.
IRELAND	IFSRA	<u>COC, Section 7.4</u> As at 91 above.	
ITALY	CONSOB	Article 21, paragraph n. 1, of Legislative decree n. 58/1998 <i>(General criteria)</i> Article 33, paragraph n. 2 and 3 of Consob Regulation 11522 <i>(Reception and transmission of orders)</i>	Consob has already published for consultation a revision of its regulation n. 11522 of 1 July 1998 on investment services in the securities field to clarify the specific obligations arising from the general principles laid down in the provisions at present in force.
LUXEMBOURG	CSSF	According to principle 1.6 of the circular CSSF 2000/15 a professional who adopts the practice of placing block orders on behalf of several parties, the basis of allocation between the parties shall be established in advance of any commitment.	
NETHERLANDS	Ministry of Finance or AFM: deliberations are pending	Annex 4, art. 4.16 states that in case of a block order, all the names and account numbers of the clients/principals concerned shall be recorded and the numbers shall be specified for each client. Art 4.15 (1) states that the primary recording of orders must at all times be detectable.	
NORWAY		STA section 9-2 Kredittilsynet has stated several times in the final conclusions following on-site inspections that this is a requirement in order to fulfil good business conduct.	
PORTUGAL		Article 328/4 of the Portuguese Securities Code.	

SPAIN	Government/ Ministry of Economy / C.N.M.V.	ROYAL DECREE 629/1993, OF 3 MAY, GOVERNING RULES OF ACTION IN THE SECURITIES MARKETS AND OBLIGATORY RECORD-KEEPING. ANNEX: GENERAL CODE OF CONDUCT FOR THE SECURITIES MARKETS. Article 1.3 "Impartiality and good faith".	Spanish regulation does not establish that orders must be pre-assign. However, orders must be assigned following an objective system.
SWEDEN	Finansinspektionen	.	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	COB 7.7.5R and 7.7.6E (Requirement for timely allocation) Prompt allocation is required of the firm. COB 7.12 provisions referred to above require orders to be recorded. Also COB 7.7.14. COB 7.7.5 – 7.7.6 and 7.7.9 require prompt and fair allocation of an aggregated order	COB specifies that when a firm aggregates and subsequently executes an order it should allocate the investments concerned fairly to the clients. Further clarification of the concept of pre-assignment might be necessary in order to assess the level of implementation. Firms are obliged to make records about whose orders are aggregated and the intended basis of allocation. COB 7.7.5R provides that where a firm has aggregated a customer order with the orders of other customers and part or all of the aggregated order has been filled, it must promptly allocate the designated investments concerned. COB 7.7.6E indicates that depending on the circumstances, such allocation must take place between one to five business days after the transaction takes place.
CYPRUS	Cyprus Securities and Exchange Commission and the Central Bank of Cyprus	Paragraph 2 of Part III of Annex 8 of the Code of Business Conduct for Investment Firms and the Natural Persons employed by them, Directive 1/2003	
CZECH REPUBLIC	Securities Commission	PART TWO, Sect. 12 (2) of the Decree by the Czech Securities Commission Stipulating Detailed Organisation Rules for the Internal Operations of Brokerage Houses and Detailed Rules for the Conduct of Brokerage Houses in Relation to Consumers PART ONE, Sect. 11 (3) + (4) of the Decree by the Czech Securities Commission Stipulating Detailed Organisation Rules for the Internal Operations of Brokerage Houses and Detailed Rules for the Conduct of Brokerage Houses in Relation to Consumers	
ESTONIA	The EFSA.	Guideline.	
HUNGARY	Parliament	Section 121 of CMA	An investment service provider and a commodities broker may engage a third party in a consignment solely to the extent necessary to protect the client from sustaining any losses. The investment service providers are the members of the stock (and commodity) exchange, they are allowed and obliged to execute the orders of clients, the transmission of orders are exceptional.
LATVIA	FCMC RSE	As indicated in item 94, the register held by the investment service provider must contain data on each individual order.	

		Besides, transmission of orders on an aggregated basis to the Riga Stock Exchange is prohibited according to Article 13 of the RSE Enforcement Note on Trading and Quotation.	
LITHUANIA		Not regulated	
MALTA	MFSA		Not specifically catered for in local rules. However, SLC 14.03 states that « The <i>Investment firm</i> may aggregate an order for a client with orders for other clients or with orders for its own account, provided that such aggregation does not operate to the disadvantage of any of the clients whose orders have been aggregated, and does not create a conflict of interest. » SLC3.02 (k) also requires the following: « allocating investments fairly, on a timely basis and without discrimination. The <i>Investment firm's</i> allocation should be made last unless its participation results in a better deal for all; »
POLAND	Council of Ministers for enacting	According to the Decree of the Council of Ministers dated September the 3 rd , 2002, in the matter of the procedures and the conditions to conduct operations for brokerage houses, banks conducting brokerage activities and banks keeping securities accounts, every order placed by a client must be signed by authorised employee of a brokerage house. (Par. 23.12) According to current Polish rules there is no possibility of order aggregating. There is only one exemption from this restriction. According to Par. 23.3 of the Decree of the Council of Ministers dated September the 3 rd , 2002, in the matter of the procedures and the conditions to conduct operations for brokerage houses, banks conducting brokerage activities and banks keeping securities accounts, the portfolio manager may issue one order for its customers provided that that order specifies the number of securities bought or sold for each customer and the procedure followed by the brokerage house in case of partial fulfilment of order.	Polish Securities and Exchange Commission is responsible for drafting,
SLOVAKIA	MF FMA	Act No 566/2001 on Securities and Investment Services Article 75,73	See above
SLOVENIA	Parliament	SMA- I; A: 149	

Rule 97	<i>An investment firm must transmit orders promptly and sequentially and must take all reasonable care to transmit orders in a way to facilitate their best execution, taking into account all relevant details of the process of transmission, e.g. the size and characteristics of the order.</i>		
Country	Implementing Authority(ies)	Implementing Measure⁹	Comments
AUSTRIA	AP	Art 13 ASSA	As mentioned under rule 91 the principle of best execution is laid down in the ASSA and is fully implemented in Austria. This rule is statutorily stated in the ASSA, which lays down the principle that an investment firm shall always act with the necessary expertise,

⁹ Any derogation to the application of the implementing measures should be mentioned.

			diligence and conscientiousness in the best interest of their customer, which includes the obligation to transmit orders promptly and sequentially. This rule does not require further implementing measures.
BELGIUM	Parliament and Royal Decrees proposed by the Minister of Finance	See St. 91	Art. 26, 1°, 8° and art. 27, § 1, 4°, L. 2 August 2002 (to come into force later) Further measures can be taken on the basis of Art. 26, 17°, 28, § 1, 5° and 146 L. 2 August 2002
DENMARK	The Ministry of Economic and Business Affairs. Danish Financial Supervisory Authority	Executive order on Good Securities Trading Practices, section 5, par 1. Guidance on Executive order on Good Securities Trading Practices, section 5, par 1. (The above mentioned rules state that investment firms must transmit orders promptly in a way to facilitate best execution taking into account time, size and best terms for the customers.)	
FINLAND	Parliament Rahoitustarkastus	Chapter 4, Section 4, Paragraph 1 and Paragraph 4 of the Securities Markets Act. Rahoitustarkastus Guideline on Practices to be applied in the Provisions of Investment Services (201.7).	
FRANCE	AMF	Article 3-4-4 of the GR of the CMF	
GERMANY	BaFin	Guideline, Part B.3.3.	
GREECE		Section 9.1 of the Code of Conduct of Investment Services Firms requires that “investment firms will execute their clients’ orders within reasonable time period and according to priority of receipt. The firms will seek the best price available in the market upon execution of the client’s order. The execution of the clients’ orders will precede the execution of the orders provided for the account of the firms themselves or for persons connected to them.”	See HISF, COC, page 17
ICELAND	FME		See general clause regarding FME’s Directive Requests.
IRELAND	IFSRA	<u>COC, Sections 15.1 & 15.2</u> Section 15.1 deals with Timely Execution, & Section 15.2 deals with Allocation. <u>COC, Section 7.1</u> As at 91 above.	
ITALY	CONSOB	Article 21, paragraph n. 1, of Legislative decree n. 58/1998 <i>(General criteria)</i> Article 26, paragraph n.1 of Consob Regulation 11522 <i>(General rules of conduct)</i> Article 33, paragraph n.1 of Consob Regulation 11522 <i>(Reception and transmission of orders)</i>	Consob has already published for consultation a revision of its regulation n. 11522 of 1 July 1998 on investment services in the securities field to clarify the specific obligations arising from the general principles laid down in the provisions at present in force.
LUXEMBOURG	CSSF	The professional shall ensure that the orders received and accepted by firms are executed promptly and on a first come, first served basis (principle 1.3 of the circular CSSF 2000/15)	
NETHERLANDS	Ministry of Finance or AFM:	Orders must be transmitted as soon as possible (art 30 NR2002) ,	Rules do not state that transmission must be sequential and that all

	deliberations are pending	and shall be executed at the best possible price (art 30(2) NR2002)	relevant details of the process must be taken into account.
NORWAY	Parliament	STA section 9-2, according to which investment firms shall act in an orderly and correct manner in the performance of its activity and execute received assignment with due care and dispatch	At least in one case, Kredittilsynet has revoked licence partly because of failing related to the obligations mentioned in rule 97. In this specific case, Kredittilsynet stated that the obligation could be deduced from the rules of good conduct in STA section 9-2.
PORTUGAL		Article 328/2 of the Portuguese Securities Code	
SPAIN	Government/Ministry of Economy / C.N.M.V.	ROYAL DECREE 629/1993, OF 3 MAY, GOVERNING RULES OF ACTION IN THE SECURITIES MARKETS AND OBLIGATORY RECORD-KEEPING. Article 5. Periods for transmission and execution. And ANNEX: GENERAL CODE OF CONDUCT FOR THE SECURITIES MARKETS. Article 2. Care and diligence.	
SWEDEN	Finansinspektionen		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	COB 7.4.3 (Dealing fairly and in due turn) A firm must execute orders fairly and in due turn. COB 7.6.4 – 7.6.5 (Achieving timely execution) – once a firm has agreed to execute a current customer order, it must do so as soon as reasonably practicable unless postponement is in the customer's best interests. COB 7.5.3 – 7.5.4 (Best execution) A firm that executes a customer order must provide best execution.	Customer orders are required to be executed promptly and in due turn unless postponement is in the best interests of customer. Every firm is required to deliver best execution unless the order is passed to another firm and the first firm has taken reasonable steps to ensure that the second firm provides best execution for the customer. There are exclusions for products not relevant under ISD, and for sophisticated customers to opt out in COB 7.5.4.
CYPRUS	Cyprus Securities and Exchange Commission and the Central Bank of Cyprus	Paragraph 2 of Annex 3 and Paragraphs 6 and 9 of Part I of Annex 8 of the Code of Business Conduct for Investment Firms and the Natural Persons employed by them, Directive 1/2003	
CZECH REPUBLIC	Securities Commission	PART THREE, CHAPTER I, Section 47b (1) i) of the Securities Act	
ESTONIA	The EFSA.	Guideline.	
HUNGARY		See comments for paragraph 96.	
LATVIA	Parliament	Article 128 of the Law on the Financial Instruments Market requires the investment services provider, when providing investment services, to operate with due care and diligence, providing proper and professional performance in the best interests of its clients.	
LITHUANIA		Clients' orders shall be registered in the Order Journal in a chronological sequence immediately but not later than by the end of that working day. Financial brokerage firms must commence executing clients' orders immediately, unless the agreement with the client or in the client's order specifies otherwise (Paragraph 18 and 37 of Rules on Placement and execution of clients' orders). Upon reception of a client's order buy or sell securities, the member of Association must put efforts to find the best market for it and execute it in the best possible way.	

		(Chapter 6 of Code of Ethics).	
MALTA	MFSA	Vide reply to St. 91	
POLAND	Parliament for the law Council of Ministers for enacting the decree	There is a draft of a new Polish Law on Public Trading of Securities prepared which includes a delegation for issuing by Council of Ministers the decree concerning conduct of business rules. The decree is going to expressly establish such obligation. There are no drafts of this decree yet	Polish Securities and Exchange Commission is responsible for drafting and the Council of Ministers for approving 30 September 2003 draft approved by the Council of Ministers whilst its entry into force envisaged for 1 May 2004.
SLOVAKIA	MF FMA	Act No 566/2001 on Securities and Investment Services Article 73	See above.
SLOVENIA	Parliament	SMA-1; A. 147, P:3	

Standard 92			
<i>An investment firm must ensure that the firm and its members of the board, directors, partners, employees and tied-agents do not use the information they possess on customers orders to the disadvantage of customers' interest.</i>			
Country	Implementing Authority(ies)	Implementing Measure¹⁰	Comments
AUSTRIA	AP	Art 14 par 3 ASSA	Investment firms shall be prohibited from concluding sale or purchase transactions in financial instruments on the basis of their knowledge of the order situation with the intent to gain pecuniary benefit for themselves or a third party. The primacy of the customer's interest is a vital standard determined in the ASSA. This standard does not require further implementing measures.
BELGIUM	Parliament and Royal Decrees proposed by the Minister of Finance	Art. 36, § 1, 2° and 6°, L. 6 April 1995 See also: the prohibition of front running provided for in the Euronext Rule Book, rule B-2301 j° Art. 36, § 1, 3°, L. 6 April 1995	Art. 26, 1° and 4° and 27, § 1, 1° L 2 August 2002 (to come into force later) Further measures can be taken on the basis of Art. 26, 17°, 27, § 1, 5°, and 146 L. 2 August 2002
DENMARK	The Ministry of Economic and Business Affairs	Executive order on Conduct of Business, section 19. (The above mentioned rule states that investment firms should seek to avoid conflicts of interest and when they cannot be avoided ensure that customers are treated fairly.)	Derogation: Section 19 regulates conflicts of interest in general terms.
FINLAND	Parliament Rahoitustarkastus	Chapter 4, Section 4, Paragraph 3 of the Securities Markets Act. Section 16 b of the Act on Investment Firms. Rahoitustarkastus Guideline on Segregation of Securities Business Functions (201.12) and Standard on Risk Management and other Aspects of Internal Control in Investment Firms (4.1).	
FRANCE	AMF	Articles 3-4-8 and 3-2-1 of the GR of the CMF	Though the wording of the first provision mentioned is very different, the general meaning is the same. This provision only refers explicitly to the firm itself, and to transmitting orders "to the market", but article 3-1-1 states that all of the provisions of Title 3 of the GR apply to the firm and to all persons working for the firm. The second provision mentioned requires the firm to remind employees that the misuse of confidential information is illegal.
GERMANY	BaFin	Section 32 WpHG	
GREECE		Sections 8.1, 8.3 (b) and 10.2 (g) of the Code of Conduct of	

¹⁰ Any derogation to the application of the implementing measures should be mentioned.

		Investment Services Firms require that investment services firms do not use customers' information to the disadvantage of customers' interests, take all measures and apply the relevant practices to prevent otherwise.	
ICELAND	Parliament, FME	Art. 4(good business practice) and 6 (impartiality and equal treatment) of the Securities act, together with many of the provisions of the Directive Request nr. 1/2001 would lead to the same conclusion although this exact wording is not to be found.	See general clause regarding FME's Directive Requests.
IRELAND	IFSRA	<u>COC, Section 7.1</u> As at 91 above.	
ITALY	CONSOB	Article 21, paragraph n. 1, of Legislative decree n. 58/1998 <i>(General criteria)</i> ○○○ Article 58, paragraph n.1, 2 and 3 of Consob Regulation 11522 <i>(Internal code of conduct)</i>	Consob has already published for consultation a revision of its regulation n. 11522 of 1 July 1998 on investment services in the securities field to clarify the specific obligations arising from the general principles laid down in the provisions at present in force.
LUXEMBOURG	CSSF	Where instructed to execute a client order liable to influence a market price, no professional shall at any time prior to the execution of such order intervene directly or indirectly on the market in order to gain advantage. The professional shall ensure his staff complies with this rule (principle 1.8. of the circular CSSF 2000/15). Furthermore, at no time shall he manipulate the market, either alone or in concert, for his own benefit or for that of a third party, by means of a single act or series of acts of whatever nature, intending actively or passively to mislead or misrepresent, without prejudice to the professional's right to intervene in the market in order to ensure the success of an offering or to stabilise a market price (principle 1.7.). Thus, a professional shall not use the information they possess on customers' orders to the disadvantage of customers' interest.	
NETHERLANDS	Ministry of Finance or AFM: deliberations are pending	art. 24 Bte: A firm must try to avoid conflicts of interest and must ensure that clients are treated fairly	
NORWAY	Parliament	STA section 9-2 par 1 subpar 6 requires investment firms to endeavour to avoid conflicts of interest i.e. by ensuring that the customer's interests rank above the firm's interests. This includes any interest of the board members, employees and others acting on behalf of the firm. STA section 9-3 par 1 explicitly bans investment firms from trading on own account (as a part of the firm's ordinary asset management) in financial instruments in which a client order has been placed and where no specific price is stated in the order. STA section 2-2 par 3 explicitly bans employees from trading for their own account in financial instruments in which a customer has presented an assignment.	
PORTUGAL		Article 304/5 of the Portuguese Securities Code	
SPAIN	Government/Ministry of	ROYAL DECREE 629/1993, OF 3 MAY, GOVERNING RULES OF	

	Economy / C.N.M.V.	ACTION IN THE SECURITIES MARKETS AND OBLIGATORY RECORD-KEEPING. ANNEX: GENERAL CODE OF CONDUCT FOR THE SECURITIES MARKETS. Article 1. Impartiality and good faith. and Article 4. Information about clients.	
SWEDEN	Finansinspektionen	.	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	Principle 8 (Conflicts of interest) COB 7.1.3 (Fair treatment) COB 7.13.4 (Restrictions on personal account dealing): A firm must take reasonable steps to ensure that a personal account transaction in a designated investment undertaken by any of its employees does not conflict with the firm's duties to its customers under the regulatory system. COB 7.3.3 (obligation to postpone own account transactions) in relation to research publications	This sort of issue is treated in the same way as other conflicts of interest. The firm is obliged to provide fair treatment to customers. Firms are required to restrict dealings by their employees (which will include directors) and other individual agents so as not to disadvantage customers. Fair treatment might include cases where a customer has consented to the potential use of his or her information. If the firm is about to publish investment research it is required to give recipients an opportunity to act on it, unless certain exceptions apply. Personal account dealings are currently under review in the context of the review of conflicts and investment research (FSA Consultation Paper 171).
CYPRUS	Cyprus Securities and Exchange Commission and the Central Bank of Cyprus	Paragraph 1 of Part II of Annex 8 of the Code of Business Conduct for Investment Firms and the Natural Persons employed by them, Directive 1/2003	
CZECH REPUBLIC	Securities Commission	PART FIVE, Section 81 (2) of the Securities Act	
ESTONIA	The EFSA, the operator of stock exchange	Guideline. TSE Rules and Regulations "Membership rules" p 7.1 provides for the investment firms obligation to establish internal procedure rules.	
HUNGARY	Parliament	Sections 108 and 109 of CMA	Investment service providers and commodities brokers shall develop and operate an organization, and shall adopt operating, procedural and records systems, featuring a construction consistent with the nature of the activities and with the risks inherent in them, and having sufficient facilities to prevent the investment service provider or the commodities broker - to use the securities, liquid assets and exchange-traded instruments of clients as their own in any way or form, or - to use any confidential information pertaining to securities without proper authorization or for reasons other than they were intended. Investment service providers shall structure their organization to

			<p>contain separate divisions for the various activities arranged under a scheme</p> <ul style="list-style-type: none"> a) to ensure a proper environment for the various divisions to operate independently and to appraise its activities, b) to reduce the possibility of misuse of any information accessed through internal administrative channels, c) to reduce the eventuality of any corruption among personnel, d) to strengthen the control procedures incorporated into operating procedures. <p>To achieve these objectives the divisional structure and the related internal procedures and solutions shall be arranged to ensure</p> <ul style="list-style-type: none"> a) that the various functions can operate separately, b) that access to information is allowed to authorized personnel only, c) that the heads of the divisions are not interdependent in any way or form, d) objectivity in the control procedures incorporated into operating procedures.
LATVIA	Parliament	<p>Article 128 of the Law on the Financial Instruments Market requires the investment services provider, when providing investment services, to operate with due care and diligence, providing proper and professional performance in the best interests of its clients.</p> <p>Besides Article 85 of the Law on the Financial Instruments Market qualifies information obtained while transmitting and/or executing client's orders as insider information.</p>	
LITHUANIA		<p>The member of Association or a person related to the member may not conclude a transaction on his own account, where the order of a client in respect of the same security has been received until the client's order is executed; or may conclude transaction only if it offers better conditions than the client.</p> <p>(Paragraph 3 of Chapter 23 of Code of Ethics).</p>	
MALTA	MFSA	SLC 3.02(j)/ SLC 3.07(c).	
POLAND	Parliament for enacting	<p>According to Art. 40.2.4 The Law on Public Trading of Securities every entity applying for a permit for conducting brokerage activities must provide PSEC with rules and regulations concerning the protection of confidential information. Every change of such rules must be notified to PSEC (Art. 48 of The Law)</p> <p>There is also a draft of a new Polish Law on Public Trading of Securities prepared which includes a delegation for issuing by Council of Ministers the decree concerning inter alia conduct of business rules. The said restriction is going to be one of the expressly established rules.</p>	<p>Polish Securities and Exchange Commission is responsible for drafting</p> <p>30 September 2003 draft approved by the Council of Ministers whilst its entry into force envisaged for 1 May 2004.</p>
SLOVAKIA	MF FMA	Act No 566/2001 on Securities and Investment Services Article 71	<p>Investment firm is obliged to formulate and follow a set of operating rules covering execution in investment instruments by members of the board of directors, the supervisory board, officers of investment firm, and employees of investment firm, in particular in order to avoid conflict with the interest of clients. The</p>

			organization structure and system of management of investment firm and must ensure proper and safe performance of investment services specified in its license to provide investment services.
SLOVENIA	Parliament	SMA-1; A: 178	

Rule 98			
<i>An investment firm must take all reasonable steps to refrain from transmitting orders for its own account or the account of its members of the board, directors, partners, employees and tied-agents before those of customers in identical or better conditions than the latter ("front running").</i>			
Country	Implementing Authority(ies)	Implementing Measure ¹¹	Comments
AUSTRIA	AP	Art 14 par 3 ASSA	The prohibition of "front running" is determined in Art 14 par 3 ASSA. This standard does not require further implementing measures. Please see 92.
BELGIUM	Parliament and Royal Decrees proposed by the Minister of Finance	Art. 36, § 1, 1°, 2° and 6°, L. 6 April 1995 See also: the prohibition of front running provided for in the Euronext Rule Book, rule B-2301 j° Art. 36, § 1, 3°, L. 6 April 1995	Art. 26, 1° and 27, § 1, L 2 August 2002 (to come into force later) Further measures can be taken on the basis of Art. 26, 17°, Art. 27, § 1, 5°, and 146 L. 2 August 2002
DENMARK	Parliament	Securities Trading, ect Consolidated Act, section 37a. (The above mentioned rule states that investment firms should draw up internal rules to prevent insider trading.	Derogation: Implemented to the extent the front running mentioned is considered insider trading.
FINLAND	Parliament Rahoitustarkastus	Chapter 4, Section 4, Paragraph 3 of the Securities Markets Act. Rahoitustarkastus Guideline on Segregation of Securities Business Functions (201.12).	
FRANCE	AMF	Article 3-4-8 of the GR of the CMF	Front running is sanctioned under the market abuse regulation in France.
GERMANY	BaFin	Guideline, Part B.3.1. Guideline, Part B.3.5. par. 3	
GREECE		Section 9.1 of the Code of Conduct of Investment Services Firms requires that "investment firms will execute their clients' orders within reasonable time period and according to priority of receipt. The firms will seek the best price available in the market upon execution of the client's order. The execution of the clients' orders will precede the execution of the orders provided for the account of the firms themselves or for persons connected to them."	
ICELAND	FME	Art. 3 para. 12, 4.1.3. para. 20 and Art. 4.1.4. para. 22 of the Directive Request nr. 1/2001 stipulate that the financial undertaking's transactions for own account must not be given preferential treatment and must be traded sequentially and that personnel are prohibited from trading before customers orders.	See general clause regarding FME's Directive Requests.
IRELAND	IFSRA	<u>COC, Section 14</u> As at 17 above.	
ITALY	CONSOB	Article 21, paragraph n. 1, of Legislative decree n. 58/1998 <i>(General criteria)</i> ○○○	Consob has already published for consultation a revision of its regulation n. 11522 of 1 July 1998 on investment services in the securities field to clarify the specific obligations arising from the

¹¹ Any derogation to the application of the implementing measures should be mentioned.

		Article 58, paragraph n.1, 2 and 3 of Consob Regulation 11522 (<i>Internal code of conduct</i>)	general principles laid down in the provisions at present in force.
LUXEMBOURG	CSSF	See 92 above	
NETHERLANDS	Ministry of Finance or AFM: deliberations are pending	Rules regarding private securities transaction (art 23 NR 2002) state that in private securities transactions members of staff may not carry not a transaction further to or in anticipation of orders from clients (annex 3, art 3.3 NR2002).	
NORWAY	Parliament ANSC	According to STA section 9-2 par 1 sub 6 the investment firm shall endeavour to avoid conflicts of interest inter alia by ensuring that the customer's interests rank above the firm's interests and that the interests of certain customers are not unfairly favoured at the expense of other customers. According to STA section 2a-2 par 3 employees may not purchase, sell or subscribe financial instruments when the employer undertaking has made a decision regarding purchase, sale or subscription of the instruments concerned, or when a customer order has been placed for the instruments concerned. According to STA section 9-3 par 1 an investment firm may not engage in own-account trading as mentioned in STA section 8-5 first par sub 2 in financial instruments for which a client order has been place and where no specific price is stated in the order. Ethical Norms, article 5-2(2)	Kredittilsynet has revoked investment firm's license because of front running.
PORTUGAL		Article 347/1 b) of the Portuguese Securities Code.	
SPAIN	Government/Ministry of Economy / C.N.M.V.	ROYAL DECREE 629/1993, OF 3 MAY, GOVERNING RULES OF ACTION IN THE SECURITIES MARKETS AND OBLIGATORY RECORD-KEEPING. ANNEX: GENERAL CODE OF CONDUCT FOR THE SECURITIES MARKETS. Article 1. Impartiality and good faith.	
SWEDEN	Parliament	The Securities Business Act (1991:981), Chap 1 Section 7 Chap 1 Section 7 explicitly requires investment firms to avoid conflicts of interest and if such should occur ensure that their clients are fairly treated	
UNITED KINGDOM	FSA	COB 7.4.3 (Dealing fairly and in due turn) COB 7.6.4 – 7.6.5 (Achieving timely execution) Also see rules referred to in relation to CESR Standard 92	Customer orders are required to be executed promptly and in due turn unless postponement is in the best interests of customer; and see comments in relation to CESR Standard 92. “Due turn” would appear to allow an own account order to be executed before a customer order, if the customer order is received later than the own account order. CESR Rule 98 does not appear to prevent this because Standard 98 is itself qualified by the taking of reasonable steps.
CYPRUS	Cyprus Securities and Exchange Commission and the Central Bank of Cyprus	Part II of Annex 8 of the Code of Business Conduct for Investment Firms and the Natural Persons employed by them, Directive 1/2003	
CZECH REPUBLIC	Securities Commission	PART THREE, CHAPTER I, Section 47b (1) g) of the Securities Act PART ONE, Sect. 10 (4) a) of the Decree by the Czech Securities Commission Stipulating Detailed Organisation Rules for the	General rule and Chinese walls

		Internal Operations of Brokerage Houses and Detailed Rules for the Conduct of Brokerage Houses in Relation to Consumers	
ESTONIA	The EFSA, the operator of stock exchange	Guideline. The TSE Rules and Regulations “Membership Rules” p 9.2.1: A member of the exchange is not allowed to make transactions for the account of the member itself, its management and supervisory board members and employees, at a price which is equal to or better than the price indicated in the transaction orders of clients for the same security before the member had executed all such orders of the clients transactions with the same security.	
HUNGARY	Parliament	Section 121 of CMA	<p>Investment service providers and commodities brokers may accept consignments in respect of listed securities, exclusive of government securities, and other exchange-traded instruments only for trading on the exchange, and may engage in dealing for their own account – with some exception - only if transacted on the exchange.</p> <p>Investment service providers and commodities brokers may engage in the trading of listed securities, other than government securities, and exchange-traded instruments only in the capacity of intermediaries subject to consignment contract with the client. If specifically requested by a client, the investment service provider shall enter into a consignment contract in respect of government securities as well.</p> <p>When trading on the exchange, an investment service provider or a commodities broker may enter into a sales contract with the client for its own account in the absence of an appropriate counter-offer, only if permitted by the exchange's regulations.</p> <p>Investment service providers and commodities brokers must conclude transactions that are similar in nature in the sequence of arrival, and, if transactions are similar in nature, they shall conclude those made on behalf of clients before those made on their own account. The requirement to complete transactions in the sequence of arrival shall not apply to transactions in which the client waives his rights and instructs the service provider to carry out the transaction in consecutive segments.</p> <p>Insider information – among others - shall mean information which has not been made public relating to the securities market, such as any plans to acquire participating interest in a public limited liability company, conclusion of agency contract, preliminary decision concerning sale or purchase, change in exchange rate affecting Hungarian forint and other currencies, syndicate agreement among owners, voting arrangements, which, if it were made public, would be likely to have a significant effect on the value or price of the securities or exchange-traded instruments in question.</p> <p>Under Hungarian law “front running” can be considered as a special kind of insider cases.</p>

LATVIA	Parliament	Article 127 of the Law on the Financial Instruments Market prescribes that in all cases where the execution of the investment services provider's order pertaining to the same financial instrument and the same type of transaction (purchase or sale) has not been commenced, the client's order shall be at all times executed prior to execution of the investment services provider's order.	
LITHUANIA		The member of Association or a person related to the member may not conclude a transaction on his own account, where the order of a client in respect of the same security has been received until the client's order is executed; or may conclude transaction only if it offers better conditions than the client. (Paragraph 3 of Chapter 23 of Code of Ethics).	
MALTA	MFSA	Wide reply to St. 92. Also note SLC 9.05	
POLAND		The PSEC is now discussing possible method and form for the implementation of the mentioned standard.	
SLOVAKIA	MF FMA	Act No 566/2001 on Securities and Investment Services Article 73, 71	An investment firm is obliged to keep money and securities entrusted by client in bank accounts and owner's separately from bank account and owner's account in which it keeps money and securities constituting its assets.
SLOVENIA	Parliament	SMA-1; A: 147, P:4	

Rule 99			
<i>An investment firm, which aggregates orders, must pre-assign such orders prior to transmitting them.</i>			
Country	Implementing Authority(ies)	Implementing Measure¹²	Comments
AUSTRIA	AP	Art 18 ASSA	Please see 96
BELGIUM	Parliament and Royal Decrees proposed by the Minister of Finance	See St. 96	See St. 96
DENMARK	Parliament Danish Financial Supervisory Authority	Financial Business Act, section 71, par 1, no 1 and no 2 Guidance for investment companies on Financial Business Act, section 15. (The above mentioned rules state that investment firms should have internal business procedures on aggregating and pre-assigning orders.)	Implemented in general terms
FINLAND	Parliament Rahoitustarkastus	Chapter 4, Section 4, Paragraph 3 of the Securities Markets Act. Rahoitustarkastus Guideline on Practices to be applied in the Provision of Investment Services (201.7).	General rule, no detailed provisions. The Rahoitustarkastus regulations and guidelines are currently under general restructuring and revision. The need for specifying provisions concerning the conduct of business rules is under

¹² Any derogation to the application of the implementing measures should be mentioned.

			discussion in that project. The consultation paper is scheduled to be sent out for consultation in early 2004.
FRANCE	AMF	Article 3-4-12 of the GR of the CMF	
GERMANY	BaFin	Guideline, Part B.3.5.	
GREECE		Section 9.2 of the Code of Conduct of Investment Services Firms requires that “investment firms will not conclude uniform transactions for the execution of the same kind of client orders in case the relevant consent of the client has not been secured or in case that, according to their reasonable estimate, the unified execution of orders may be detrimental to the interests of the relevant principals. In the event that the unified execution of the clients’ orders covers only a part of the client’s order, the proceeds of the relevant transaction will be allocated fairly between the clients and at priority in relation to the orders provided for their own account or for the account of persons connected to them.”	
ICELAND	FME		See general clause regarding FME’s Directive Requests.
IRELAND	IFSRA	<u>COC, Section 7.4</u> As at 91 above.	
ITALY	CONSOB	Article 21, paragraph n. 1, of Legislative decree n. 58/1998 <i>(General criteria)</i> Article 33, paragraph n. 2 and 3 of Consob Regulation 11522 <i>(Reception and transmission of orders)</i>	Consob has already published for consultation a revision of its regulation n. 11522 of 1 July 1998 on investment services in the securities field to clarify the specific obligations arising from the general principles laid down in the provisions at present in force.
LUXEMBOURG	CSSF	Where the professional adopts the practice of placing block orders on behalf of several parties, the basis of allocation between the parties shall be established in advance of any commitment (principle 1.6. of the circular CSSF 2000/15).	
NETHERLANDS	Ministry of Finance or AFM: deliberations are pending	There are no specific rules regarding pre-assignment of block orders. In practice, however AFM’s policy is that block orders must be pre-assigned.	
NORWAY		STA section 9-2 Kredittilsynet has stated several times in the final conclusions following on-site inspections that this is a requirement in order to fulfil good business conduct.	
PORTUGAL		Article 328/4 of the Portuguese Securities Code.	
SPAIN	Government/Ministry of Economy / C.N.M.V.	ROYAL DECREE 629/1993, OF 3 MAY, GOVERNING RULES OF ACTION IN THE SECURITIES MARKETS AND OBLIGATORY RECORD-KEEPING. ANNEX: GENERAL CODE OF CONDUCT FOR THE SECURITIES MARKETS. Article 1.3 “Impartiality and good faith”.	Spanish regulation does not establish that orders must be pre-assign. However, orders must be assigned following an objective system.
SWEDEN	Finansinspektionen		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	Please see COB 7.12 provisions referred to in relation to CESR Standards 91 and 93, above. These require orders to be recorded. Also COB 7.7.14R requires that if a firm aggregates a number of client orders, the firm must make a record of the intended basis of allocation as soon as is practicable. COB 7.7.5 – 7.7.6 and 7.7.9 require prompt and fair allocation of an aggregated order.	Firms are obliged to make records about whose orders are aggregated and the intended basis of allocation. COB 7.7.5R provides that where a firm has aggregated a customer order with the orders of other customers and part or all of the aggregated order has been filled, it must promptly allocate the designated investments concerned. COB 7.7.6E indicates that depending on the circumstances, such allocation must take place between one to five business days after the transaction takes place. Further clarification of the concept of pre-assignment might be necessary in order to assess the level of implementation.
CYPRUS	Cyprus Securities and Exchange Commission and the Central Bank of Cyprus	Paragraph 2 of Part III of Annex 8 of the Code of Business Conduct for Investment Firms and the Natural Persons employed by them, Directive 1/2003	
CZECH REPUBLIC	Securities Commission	PART TWO, Sect. 12 (2) e) 1. of the Decree by the Czech Securities Commission Stipulating Detailed Organisation Rules for the Internal Operations of Brokerage Houses and Detailed Rules for the Conduct of Brokerage Houses in Relation to Consumers	
ESTONIA		Not implemented.	
HUNGARY		See comments for paragraph 96.	
LATVIA	FCCM	As indicated above, aggregation is prohibited. See the answer to item 96.	
LITHUANIA		Not regulated	
MALTA	MFSA		No specific requirement apart from SLC3.02(k)
POLAND	Parliament for the law Council of Ministers for the decree	According to current Polish rules there is no possibility of order aggregating. There is only one exemption from this restriction. According to Par. 23.3 of the Decree of the Council of Ministers dated September the 3 rd , 2002, in the matter of the procedures and the conditions to conduct operations for brokerage houses, banks conducting brokerage activities and banks keeping securities accounts, the portfolio manager may issue one order for its customers provided that that order specifies the number of securities bought or sold for each customer and the procedure followed by the brokerage house in case of partial fulfilment of order.	Polish Securities and Exchange Commission is responsible for drafting and the Council of Ministers for approving
SLOVAKIA	MF FMA	Act No 566/2001 on Securities and Investment Services Article 73	See above.
SLOVENIA	Parliament	SMA-1; A: 149, P: 3	There is a requirement that is valid for the transactions executed for a joint account.

Rule 100	<i>An investment firm may transmit orders for its own account and for its customers account on an aggregated basis when it is clearly in accordance with the best interest of the customer and provided that the best execution standard is respected.</i>
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Country	Implementing Authority(ies)	Implementing Measure ¹³	Comments
AUSTRIA	AP	Art 18 ASSA	This rule is captured by provisions of the ASSA. This rule does not require further implementing measures. Please see 96.
BELGIUM	Parliament and Royal Decrees proposed by the Minister of Finance	Art. 36, § 1, 2° and 6° L. 6 April 1995	Art. 26, 4°, 8° and 9°, L. 2 August 2002 (to come into effect later) Further measures can be taken on the basis of Art. 26, §, 17°, and 146 L. 2 August 2002
DENMARK			The Ministry of Economic and Business Affairs is the competent Authority for deciding on the further implementation. The Danish Financial Supervisory Authority has approached the Ministry of Economics and Business Affairs in that regard
FINLAND	Parliament Rahoitustarkastus	Chapter 4, Section 4, Paragraph 3 and Chapter 4, Section 1 of the Securities Markets Act. Rahoitustarkastus Guideline on Segregation of Securities Business Functions (201.12). Rahoitustarkastus Guideline on Practices to be applied in the Provision of Investment Services (201.7).	General rule, no detailed provisions available yet. The Rahoitustarkastus regulations and guidelines are currently under general restructuring and revision. The need for specifying provisions concerning the conduct of business rules is under discussion in that project. The consultation paper is scheduled to be sent out for consultation in early 2004.
FRANCE	AMF	No specific implementing measure identified.	No rule exists covering this specific situation. Nonetheless, the best execution obligation applies in all cases.
GERMANY	BaFin	Guideline, Part B.3.5.	
GREECE		Special obligations for investment services firms acting on behalf of a group of investors are imposed under the provisions of the HCMC's Decision with number 3/269/22-4-2003 'on the contents of records of Investment Services Firms and members of the ASE concerning transactions in shares on behalf of group of investors (as this decision was amended by the Decision of the HCMC with number 4/275/27.6.2003). In addition, section 8.4. of the Code of Conduct applies.	
ICELAND	FME		See general clause regarding FME's Directive Requests.
IRELAND	IFSRA	<u>COC, Section 7.1 and 7.4</u> As at 91 above.	
ITALY	CONSOB	Article 21, paragraph n. 1, of Legislative decree n. 58/1998 <i>(General criteria)</i> Article 33, paragraph n. 2 and 3 of Consob Regulation 11522 <i>(Reception and transmission of orders)</i>	Consob has already published for consultation a revision of its regulation n. 11522 of 1 July 1998 on investment services in the securities field to clarify the specific obligations arising from the general principles laid down in the provisions at present in force
LUXEMBOURG	CSSF	As according to principle 1.2. of the circular CSSF 2000/15 the professional shall do his utmost to see that orders received and accepted by him are executed on the best possible terms, an investment firm may transmit orders for his own account and for the account on an aggregated basis when it is clearly in accordance with the best interest of the customer and provided that the best execution standard is respected.	
NETHERLANDS	Ministry of Finance or AFM: deliberations are pending	The rules do not prohibit these orders. However, interests of clients must prevail (art 30 NR 2002).	

¹³ Any derogation to the application of the implementing measures should be mentioned.

NORWAY	Parliament	STA, section 9-2 and 9-3	
PORTUGAL		Article 347/1 a) of the Portuguese Securities Code.	
SPAIN	Government/Ministry of Economy / C.N.M.V.	ROYAL DECREE 629/1993, OF 3 MAY, GOVERNING RULES OF ACTION IN THE SECURITIES MARKETS AND OBLIGATORY RECORD-KEEPING. ANNEX: GENERAL CODE OF CONDUCT FOR THE SECURITIES MARKETS. Article 1. Impartiality and good faith.	
SWEDEN	Finansinspektionen		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	COB 7.5.3 (when best execution is owed) – A firm that executes a customer order must provide best execution (subject to certain derogations, most of which do not relate to ISD). COB 7.7.4 (Aggregation) – A firm may not aggregate a customer order with an own account, or market counterparty, unless it is likely this would not work to disadvantage each customer and the firm has disclosed the adverse effect aggregation may have on some occasions.	Aggregation of customer and firm orders is only permitted if it is not likely to disadvantage any of the customers concerned. This might be a little more generous to firms than the approach in CESR Rule 100. There is also an obligation to disclose to customers. The obligation to deliver best execution is owed for every customer order, irrespective of aggregation.
CYPRUS	Cyprus Securities and Exchange Commission and the Central Bank of Cyprus	Paragraph 1 of Part III and paragraph 21(3) of Part IV of Annex 8 of the Code of Business Conduct for Investment Firms and the Natural Persons employed by them, Directive 1/2003	
CZECH REPUBLIC	Securities Commission	PART TWO, Sect. 12 (2) of the Decree by the Czech Securities Commission Stipulating Detailed Organisation Rules for the Internal Operations of Brokerage Houses and Detailed Rules for the Conduct of Brokerage Houses in Relation to Consumers	
ESTONIA	The EFSA.	Guideline.	
HUNGARY		See comments for paragraph 96.	
LATVIA		As indicated above, aggregation is prohibited. See the answer to item 96.	
LITHUANIA		Execution of orders to carry out operations with the same securities placed simultaneously by a few clients of the financial brokerage firm may be combined, where: 1. Conditions set forth in sub-par. 42.1 and 42.2 are met; 2. Combined execution of the clients' orders does not violate interests of any client, i.e. requirements of all the clients stemming from the combined order are equally met; where combined orders are executed not fully, the financial brokerage firm shall take all possible measures to treat the interests of all the concerned clients on the most equal terms (a detailed procedure of meeting the clients' requirements shall be provided for in the agreements with clients or in special rules with which clients must be familiarized). In order to avoid violations of the clients' interests the sequence of orders shall be observed (Paragraph 43 of Rules on Placement and execution of clients' orders).	

MALTA	MFSA	SLC 14.03 SLC 3.02(m)	
POLAND	Parliament for the law Council of Ministers for the decree	According to current Polish rules there is no possibility of order aggregating. There is only one exemption form this restriction. According to Par. 23.3 of the Decree of the Council of Ministers dated September the 3 rd , 2002, in the matter of the procedures and the conditions to conduct operations for brokerage houses, banks conducting brokerage activities and banks keeping securities accounts, the portfolio manager may issue one order for its customers provided that that order specifies the number of securities bought or sold for each customer and the procedure followed by the brokerage house in case of partial fulfilment of order.	Polish Securities and Exchange Commission is responsible for drafting
SLOVAKIA	MF FMA	Act No 566/2001 on Securities and Investment Services Article 73	See above
SLOVENIA	Parliament	Please see under 99.	

Rule 101			
<i>In the case of orders in connection with public offers of securities, an investment firm may transmit such orders provided that they offer the relevant prospectus to the customer or informs the customer where it is available.</i>			
Country	Implementing Authority(ies)	Implementing Measure¹⁴	Comments
AUSTRIA	AP	Art 17 par 3 ASSA	The obligation to provide customers with the relevant prospectus is determined explicitly in Art 17 par 3 ASSA, which lays down that an investment firm shall provide if requested the prospectus or any changes thereto if such documents were required under other federal law.. This rule does not require further implementing measures.
BELGIUM	Parliament and Royal Decrees proposed by the Minster of Finance	Art. 36, § 1, 2° and 5° L. 6 April 1995	Art. 26, 3°, L. 2 August 2002 (to come into effect later) Further measures can be taken on the basis of Art. 26, §, 17°, and 146 L. 2 August 2002
DENMARK			The Ministry of Economic and Business Affairs is the competent Authority for deciding on the further implementation. The Danish Financial Supervisory Authority has approached the Ministry of Economics and Business Affairs in that regard
FINLAND	Parliament Rahoitustarkastus	Chapter 4, Section 4, Paragraph 2 of the Securities Markets Act. Rahoitustarkastus Guideline on Practices to be applied in the Provision of Investment Services (201.7).	
FRANCE	AMF	No specific implementing measure identified.	No such rule applies to investment firms, it is the issuer which is responsible for making the prospectus available. However, issuer are obliged to publish through the press a resume of the prospectus
GERMANY	BaFin	Not implemented, Amendment of guideline needed	
GREECE			An Internal Working Group of Experts has been established within

¹⁴ Any derogation to the application of the implementing measures should be mentioned.

			the Hellenic Capital Market Commission aiming at preparing the remaining additional regulations for the full implementation of CESR Standards on Investor Protection. We expect the final outcome of this work to be available at the beginning of 2004.
ICELAND	FME		See general clause regarding FME's Directive Requests.
IRELAND	IFSRA	<u>COC, Section 2.3</u> As at 26 above.	
ITALY	CONSOB	Article 13, paragraph n. 1 of Consob Regulation 11971 <i>(Implementation of the offering)</i> ○○○ Article 33, paragraph n. 4 of Consob Regulation 11522 <i>(Reception and transmission of orders)</i>	
LUXEMBOURG	CSSF	As according to principle 5 of the circular CSSF 2000/15 the professional shall make adequate disclosure of relevant material information in his dealings with his clients, the professional shall also comply with principle 101.	
NETHERLANDS	Ministry of Finance or AFM: deliberations are pending	Not implemented	Rules only indicate that a firm must not cooperate with the implementation and settlement of a public offer that does not include the publication of a prospectus. Rules do not state that firms must active provision to clients of prospectus.
NORWAY	Parliament	STA section 9-2 par 1 subpar 5, according to which investment firms are obliged to provide the customer with necessary information. This requirement would include providing the customer with the prospectus or inform the customer where it is available.	
PORTUGAL		SC arts 140/1/b), 312, 323 and 327/2. CMVM Reg. 10/2000, art. 27.	It stems from the general information duties imposed by the SC on intermediaries, as well as from the provided for in article 140/1/b, which imposes that the public offer prospectus is made available "at the 'head office and agencies of the financial intermediaries in charge of gathering the addressee's declarations". Article 27 of CMVM Regulation 10/2000 provides that in the bulletin of reception of investment intentions - to be transmitted in writing, under the established in article 327/2 of the SC -, a reference is made to the documents of the public offer. In supervision terms, when, e.g., an intermediary intends to receive orders for the public offer through the Internet, the CMVM verifies whether the intermediary makes the prospectus available on the respective site
SPAIN	Government/Ministry of Economy / C.N.M.V.	ROYAL DECREE 629/1993, OF 3 MAY, GOVERNING RULES OF ACTION IN THE SECURITIES MARKETS AND OBLIGATORY RECORD-KEEPING. Article 16. Information to clients regarding transactions which have been performed. Point 2 second paragraph.	
SWEDEN	Finansinspektionen		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 Parliament	Principle 6 (Customers' interests) Principle 7 (Communications with clients) Sections 84 & 85 of FSMA Regulations 4 & 10 of the Public Offers of Securities Regulations 1995 (SI 1995/1537) ("POSRegs")	There is no specific COB provision on this point – but in most cases it may be more likely that the customer will make applications direct to the issuer and not through his own firm. The Principles referred to require a firm to pay due regard to customers' interests and their information needs. If provision of a prospectus is part of the services the firm has agreed to provide by contract, then the firm will be obliged to obtain copies of the relevant prospectuses for the customers as a result of general contract law principles. Sections 84 and 85 of FSMA provide for listing rules to require publication of prospectuses and that offers to the public are unlawful prior to publication. The POSRegs also require publication and registration (e.g. regulations 4 and 10)
CYPRUS	Cyprus Securities and Exchange Commission and the Central Bank of Cyprus	Paragraph 10 of Part I of Annex 8 of the Code of Business Conduct for Investment Firms and the Natural Persons employed by them, Directive 1/2003	
CZECH REPUBLIC	Securities Commission	PART THREE, CHAPTER I, Section 47b (1) e) of the Securities Act	
ESTONIA		Not implemented.	
HUNGARY		See comments for paragraph 96.	
LATVIA		The laws or FCMC regulations do not specifically regulate requirements as to orders in connection with public offers.	
LITHUANIA		Not regulated	
MALTA	Parliament MFSA	SLCs 3.03 (g)/ (h) In our opinion, the above conditions clearly require a firm to provide a customer with sufficient information to enable them to take informed investment decisions – which information precedes an investment order.	The Companies Act (Section 89) requires a public offer of securities to issue an offering document (prospectus). This would need be provided or made available to the public prior to investing.
POLAND	Parliament for the law Council of Ministers for the decree	There is a draft of a new Polish Law on Public Trading of Securities prepared which includes a delegation for issuing by Council of Ministers the decree concerning inter alia conduct of business rules. The decree is going to expressly establish such a requirement.	Polish Securities and Exchange Commission is responsible for drafting and the Council of Ministers for approving 30 September 2003 draft approved by the Council of Ministers whilst its entry into force envisaged for 1 May 2004.
SLOVAKIA	MF FMA	Act No 566/2001 on Securities and Investment Services Article 73	An Investment Firm is obliged to provide the client with important information related to the transaction and advise him of important facts and risks associated with the transaction
SLOVENIA	Parliament	SMA-1; A:32	Securities in IPO are subscribed and paid –in at investment firms (brokerage companies and banks licensed for performing investment services in the securities field) and only with firms that are defined by the prospectus for public offering of securities and approved by the Agency.

5.2) EXECUTION OF ORDERS

Standard 102			
<i>An investment firm must take all care to obtain the best possible result for the customer with reference to price, costs born by the customer, size, nature of the transactions, time of reception of order, speed and likelihood of execution and trading venue taking into account the state of the relevant market(s). The relevant market(s) shall be deemed to be the market(s) offering the most favourable trading conditions also in terms of transparency, liquidity and clearing and settlement arrangements in connection with the envisaged transaction. If the investment firm executes in another trading venue, it must be able to demonstrate to the customer that this was done in accordance with his best interest.</i>			
Country	Implementing Authority(ies)	Implementing Measure ¹⁵	Comments
AUSTRIA	AP AP	Art 384 Austrian Commercial Code Z 62 General terms and obligations of Austrian Credit Institutions in connection with Art 400 ff Austrian Commercial Code	Please see also to standard 91 and rule 97. As commission agent, the credit institution has to fulfil the order in diligence of a prudent business man. As a commission agent, the credit institute has to provide evidence that the order was executed at the market price. Execution in the customers' best interest is also determined in the ASSA. As best execution – standards will be adopted explicitly in the revised ISD, this standard will be implemented in line with the revised ISD.
BELGIUM	Idem	Art. 36, § 1, 2° and § 3, L. 6 April 1995 Art. 37 L. 6 April 1995 and RD of 13 May 1996 (centralisation principle and possibility of opt out for investors) Art. 38, L. 6 April 1995 For transactions in financial instruments listed on a stock exchange or traded on another regulated market the intermediary is presumed to have satisfied the obligation referred to in Art. 36, § 1, 2°, if he carries out the transaction on a regulated market in accordance with the rules applicable to this market, unless he has received other instructions from his client (Art. 36, § 3 L. 6 April 1995).	Art. 11, 26, 1° and 8° and 27, § 1, 4°, L. 2 August 2002 (to come into force later) Further measures can be taken on the basis of Art. 26, 17°, Art. 28, § 1, 5° and 146 L. 2 August 2002
DENMARK	The Ministry of Economic and Business Affairs Danish Financial Supervisory Authority	Executive order on Good Securities Trading Practices, section 5. Guidance on Executive order on Good Securities Trading Practices, section 5. (The above mentioned rule states that investment firms must transmit orders promptly in a way to facilitate best execution taking into account time, size and in general best terms for the customers taking the customers situation into consideration. The investment firm must be able to demonstrate that the order was executed in accordance with best execution.)	Derogation: The two last sentences are not explicitly mentioned.
FINLAND	Parliament Rahoitustarkastus	Chapter 4, Section 4, Paragraph 1 and Chapter 4, Section 1 of the Securities Markets Act.	General rule, no detailed provisions available yet. The Rahoitustarkastus regulations and guidelines are currently under general restructuring and revision. The need for specifying provisions concerning the conduct of business rules is under discussion in that project. The consultation paper is scheduled to be sent out for consultation in early 2004.

¹⁵ Any derogation to the application of the implementing measures should be mentioned.

FRANCE	AMF	Article 3-3-1 of the GR of the CMF	This provision contains the general “best execution” rule which is stated much more simply than the CESR standard. The current rule of concentration of order on the regulated market does not allow such a choice between trading venues.
GERMANY	BaFin	Guideline, Part B.3.3.	Required implementation details of “best execution” should be clarified
GREECE		Section 9.1 of the Code of Conduct of Investment Services Firms requires that “investment firms will execute their clients’ orders within reasonable time period and according to priority of receipt. The firms will seek the best price available in the market upon execution of the client’s order. The execution of the clients’ orders will precede the execution of the orders provided for the account of the firms themselves or for persons connected to them.	
ICELAND	Parliament., FME	Art. 9 of the Act on Securities Transactions contains a general best execution duty for investment firms.	General clause regarding FME’s Directive Requests: The FME plans to make changes to Directive Request no. 1/2001 and to issue a new directive request to fulfill its obligations to implement the CESR standards on investor protection, where this is within its authority. A first consultation paper regarding the CESR standards on investor protection was issued in October 2003. A second consultation paper will be published in the first half of 2004. Finalized Directive Requests on investor protection are estimated to have taken effect in the third quarter of 2004. This estimated timing of implementation is made with the reservation that it is subject to the outcome of the consultation process, where among other matters, the authority of the FME to implement some of the rules may be called into question.
IRELAND	IFSRA	<u>COC, Section 7.1, 7.2</u> As at 91 above.	
ITALY	CONSOB	Article 21, paragraph n. 1, of Legislative decree n. 58/1998 <i>(General criteria)</i> Article 32, paragraph n. 3 and 4 of Consob Regulation 11522 <i>(Dealing)</i> Article 8 of Consob Regulation 11768/1998 <i>(Exemptions from requirement to execute trades in regulated markets)</i>	Consob has already published for consultation a revision of its regulation n. 11522 of 1 July 1998 on investment services in the securities field to clarify the specific obligations arising from the general principles laid down in the provisions at present in force.
LUXEMBOURG	CSSF	According to principle 1.2. of circular CSSF the professional shall do his utmost to see that orders received and accepted by him are executed on the best possible terms, in the light of such factors as particular client request, the conditions prevailing in the market(s) concerned and the purpose of the orders received. The professional shall ensure that orders received and accepted by him are executed promptly and on a first come, first served basis. Order execution may be deferred where the professional considers that such deferral is in the best interests of the originator of the order. In these circumstances, he shall inform	

		the originator as soon as possible where a specific execution date was stipulated (principle 1.3.).	
NETHERLANDS	Ministry of Finance or AFM: deliberations are pending	Not implemented A firm must act in the best interests of its clients (art 25 NR2002). Orders must be executed at the best possible price (art 30 NR2002).	Requirements do not entail results regarding costs, size, nature etc. No definition/reference to "relevant market".
NORWAY	Parliament ANSC	STA section 9-2 According to STA section 9-2 par 1 sub 1 an investment firm shall act in an orderly and correct manner in the performance of its activity and execute received assignments with due care and dispatch. Section 9-2 par 4 explicitly states that the customer shall be given the best price that the firm consider it can obtain in the light of available price information, unless the client demands that the firm quote a particular price or accepts a particular price when making the assignment. Gen. Business Terms, article 7-3 Ethical Norms, article 4-1(1)	If Kredittilsynet discover that an investment firm has not executed orders in accordance with the instructions from customer, we would most certainly conclude that it would have been a breach of section 9-2 par 2 sub 1.
PORTUGAL		SC art. 330/2	
SPAIN	Government/Ministry of Economy / C.N.M.V.	ROYAL DECREE 629/1993, OF 3 MAY, GOVERNING RULES OF ACTION IN THE SECURITIES MARKETS AND OBLIGATORY RECORD-KEEPING. ANNEX: GENERAL CODE OF CONDUCT FOR THE SECURITIES MARKETS. Article 1. Impartiality and good faith. and Article 2. Care and diligence.	
SWEDEN	Finansinspektionen		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	Principle 2 (Skill care and diligence) Principle 6 (Customers' interests) COB 7.5.3 – 7.5.6 (Best execution) A firm must provide best execution. It must take reasonable care to ascertain the best price available for the customer order in the relevant market at the time for transactions of the kind and size concerned. It must execute the order at a price no less advantageous to the customer, unless it has taken reasonable steps to ensure that it would be in the customer's best interests not to do so.	Please see also the response to CESR Rule 98, above. Firms are required to take reasonable care (the usual standard imposed by the general law) to obtain the best available price for the customer taking account of the relevant matters. If firms have access to more than one trading venue, they are to provide the best price available across those venues. Note that in FSA Consultation Paper 154, the FSA has been consulting on a new approach to the best execution rules. Under the current COB provisions on taking reasonable care, costs born by the customer should be disregarded where disclosed to the customer (charges/commission) and execution should be at best price available where the firm has access to prices displayed at different exchanges and trading platforms. SETS as best price benchmark. These are evidential provisions. CESR Standard 102 places a burden on the firm to demonstrate accordance with a customer's best interest if it executes on "another trading venue." A

			similar evidential burden can arise under COB 7.5.6E (1) (b) and (4) ("the firm must ensure that ...").
CYPRUS	Cyprus Securities and Exchange Commission and the Central Bank of Cyprus	Paragraph 8 of Part I of Annex 8 of the Code of Business Conduct for Investment Firms and the Natural Persons employed by them, Directive 1/2003	
CZECH REPUBLIC	Securities Commission	PART THREE, CHAPTER I, Section 47b (1) a) of the Securities Act Securities Act: Art. 47b sec 1 i)	General rule
ESTONIA	The EFSA.	Guideline.	
HUNGARY	Parliament	Subsection 3 of Section 111 of CMA Section 121 of CMA	Investment service providers and commodities brokers must conclude transactions that are similar in nature in the sequence of arrival, and, if transactions are similar in nature, they shall conclude those made on behalf of clients before those made on their own account. The requirement to complete transactions in the sequence of arrival shall not apply to transactions in which the client waives his rights and instructs the service provider to carry out the transaction in consecutive segments. Whenever consignments from different clients are converged, the investment service provider and the commodities broker shall afford equal treatment to all clients concerned and shall not discriminate against any one of the clients. Any and all extra margin achieved when the investment service provider or the commodities broker is able to conclude a transaction at a price better than what is stipulated in the contract shall be paid to the client. Any contract to the contrary shall be null and void. Within Hungary there aren't alternative relevant markets to execute the orders. At the moment we don't have any other regulated market or MTF than the BSE (basically for securities and currencies) and the BCE (for commodity derivatives).
LATVIA	Parliament	Article 128 of the Law on the Financial Instruments Market defines that the investment services provider, when providing investment services, is obliged to operate with due care and diligence, providing proper and professional performance in the best interests of its clients.	
LITHUANIA		The financial brokerage firm shall execute the client's order strictly following the conditions laid down in the client's order. The financial brokerage firm shall have a right to deviate from these conditions if, under certain conditions, it is necessary in the interests of the client and the financial brokerage firm could not inquire the client in advance or did not receive a timely response to its inquiry. In such a case, the financial brokerage firm must collect and keep, together with the order, the documents proving the necessity to change the conditions of the execution of the client's order (which will be submitted to the client upon his request), and immediately inform the client on the execution of the	

		order under the conditions different from those indicated in the order (Paragraph 40 of Rules on Placement and execution of clients' orders). Upon reception of a client's order buy or sell securities, the member of Association must put efforts to find the best market for it and execute it in the best possible way. (Chapter 6 of Code of Ethics).	
MALTA	MFSA	SLC 3.03(b)	SLC 3.03(b) is however general and does not cater for relevant markets.
POLAND	Parliament for the law Council of Ministers for the decree	There is a draft of a new Polish Law on Public Trading of Securities prepared which includes a delegation for issuing by Council of Ministers the decree concerning inter alia conduct of business rules. The decree is going to expressly establish such a requirement.	Polish Securities and Exchange Commission is responsible for drafting and the Council of Ministers for approving 30 September 2003 draft approved by the Council of Ministers whilst its entry into force envisaged for 1 May 2004.
SLOVAKIA	MF FMA	Act No 566/2001 on Securities and Investment Services Article 73	Investment firm is obliged to ask client, depending on the type and range of services requested by the client, for the information about his financial position, experience with investing in financial instruments, and the objectives the client seeks to achieve through the requested service, and to provide investment services with respect to the determined level of professional knowledge and experience of the client served in the client's interest. Investment firm is obliged too provide the client at his request, with information on stock exchanges and transaction clearing systems of which investment firm is a member.
SLOVENIA	Parliament	SMA-1; A: 136 SMA-1; A: 139	Please see also the provisions on this subject, defined above.

Rule 104	<i>An investment firm acting as principal in relation to a customer order must inform the customer accordingly beforehand and must be in a position to justify the price at which the transaction is executed, with reference to the prices and volumes in the relevant market(s), where appropriate, or the presumed value determined on the basis of objective elements, e.g. mark-to-market.</i>		
Country	Implementing Authority(ies)	Implementing Measure¹⁶	Comments
AUSTRIA	AP	Art 384 Austrian Commercial Code Z 62 General terms and obligations of Austrian Credit Institutions in connection with Art 400 ff Austrian Commercial Code	As mentioned above this business constructed in Austria as transactions on commission basis, which is laid down in the Austrian Commercial Code. The commission agent (which is always the credit institute) has to provide evidence that the order was executed at the market price, which covers rule 104. This rule is therefore covered by provisions of the Austrian Commercial Act and the ASSA, as well as the GTC. This rule does not require further implementing measures. Please see 102.
BELGIUM	Parliament and Royal Decrees proposed by the Minister of Finance	Art. 37 and 38, 1 st paragraph, L. 6 April 1995	Art. 26, 8° and 11°, L. 2 August 2002 (to come into force later) Further measures can be taken on the basis of Art. 26, 17° and 146 L. 2 August 2002
DENMARK	The Ministry of Economic	Executive order on Good Securities Trading Practices, section 4,	

¹⁶ Any derogation to the application of the implementing measures should be mentioned.

	and Business Affairs Danish Financial Supervisory Authority	par 4 no 4. Guidance on Executive order on Good Securities Trading Practices, section 4. The above mentioned rule states that the customer must beforehand give his consent to the way the order is executed (as a principal trade/on a regulated market). The investment firm must be able to demonstrate that the order was executed in accordance with best execution.)	
FINLAND	Parliament Rahoitustarkastus	Chapter 4, Section 4, Paragraph 1 and Chapter 4, Section 1 of the Securities Markets Act.	General rule, no detailed provisions available yet. The Rahoitustarkastus regulations and guidelines are currently under general restructuring and revision. The need for specifying provisions concerning the conduct of business rules is under discussion in that project. The consultation paper is scheduled to be sent out for consultation in early 2004.
FRANCE	AMF	Article 3-3-8 of the GR of the CMF	This provision requires the firm to inform the client after the fact where it has acted as counterparty to the trade, not before the trade, which would appear to be difficult to implement. However the investment firms must be in a position to justify the price.
GERMANY	BaFin	Guideline, Part B.3.3. par. 6	
GREECE		Section 4.2 (d) of the Code of Conduct of Investment Services Firms provides that "for compliance with duties and obligations pursuant to the first principle, investment services firms shall take proper measures such that to ensure among others... d) The continuous and regular dissemination of information to clients about important events relating to the contractually specified provision of investment services and affecting the interests of their clients."	
ICELAND	FME	Art. 3. paragraph 14 of Directive Request no.1/2001 stipulates that when the financial undertaking acts as principal in relation to a portfolio management customer the customer must be notified ex post facto and has the right to receive written reasoning for the investment decision.	See general clause regarding FME's Directive Requests.
IRELAND	IFSRA	<u>COC, Section 2.2</u> As at 26 above.	
ITALY	CONSOB	Article 21, paragraph n. 1, of Legislative decree n. 58/1998 <i>(General criteria)</i> Article 32, paragraph n. 5 of Consob Regulation 11522 <i>(Dealing)</i>	Consob has already published for consultation a revision of its regulation n. 11522 of 1 July 1998 on investment services in the securities field to clarify the specific obligations arising from the general principles laid down in the provisions at present in force.
LUXEMBOURG	CSSF	As according to principle 3.2. of the circular CSSF 2000/15 the professional must be capable at all times of producing detailed documentation in support of individual transactions, an investment firm acting as principal in relation to a customer order, shall comply with the standard 104.	
NETHERLANDS	Ministry of Finance or AFM: deliberations are pending	Not implemented	

NORWAY	Parliament	<p>STA section 9-2 par 3 and 4, section 9-3 par 3 and section 9-4.</p> <p>Section 9-2 par 3 states that when a specific price is not stated in an assignment, the assignment shall be executed at a price that is reasonable in relation to the market situation.</p> <p>If the investment firms has entered into the agreement as a counter-party, the client shall be informed thereof.</p> <p>Section 9-4 obliges the investment firm to trade quoted financial instruments on the stock exchange. The customer may thus verify the conditions under which his assignment was concluded.</p>	
PORTUGAL		<p>SC arts 330 and 346/1 CMVM Reg. 12/2000 art. 42</p>	Implemented, based on legal provisions already referred to.
SPAIN	Parliament/Ministry of Economy / C.N.M.V.	LAW 24/1988, 28 th of July, SECURITIES MARKETS ACT, Article 40.	
SWEDEN	Finansinspektionen		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	<p>Principle 2 (Skill care and diligence)</p> <p>Principle 6 (Customers' interests)</p> <p>Principle 7 (Communications with clients)</p> <p>Principle 8 (Conflicts of interest)</p> <p>COB 7.1.3 (Fair treatment)</p> <p>COB 7.5.3 – 7.5.6 (Best execution)</p>	<p>Firms are obliged to deliver best execution for customers whether acting as principal or agent for the customer (see obligations described for CESR Standard 102).</p> <p>Under COB 7.1.3R ,firms are also obliged to ensure fair treatment for customers when they have a material interest in a transaction, to manage conflicts of interests between themselves and customers and to have regard to the information needs of customers Fair treatment COB 7.1.3R is expressed in terms of taking "reasonable steps to ensure fair treatment for the customer" and disclosure is one of these (but only one) before advising, or dealing in the exercise of discretion, in relation to a transaction ... Other steps are relying on a policy of independence, Chinese walls and declining to act for a customer.</p>
CYPRUS	Cyprus Securities and Exchange Commission and the Central Bank of Cyprus	Paragraph 1 of Annex 9 of the Code of Business Conduct for Investment Firms and the Natural Persons employed by them, Directive 1/2003	
CZECH REPUBLIC	Securities Commission	PART TWO, Section 31 (2) + (3) of the Securities Act	
ESTONIA	The EFSA.	Guideline.	
HUNGARY			There are no specific rules on this issue, but investment firms are responsible for the proper and prudent execution of orders, and – as intermediating participants of the deals – they have to serve the best interest of their customers.
LATVIA	FCMC	According to Article 3.1. of the FCMC Regulations for Conducting Securities Transactions , the investment services provider may start	

		the execution of a client's order only when the order form has been filled in. In compliance with Article 3.4 of the above-mentioned regulations, the order form must contain a price or mechanism for its determination (market price, the admissible interval, etc.).	
LITHUANIA		Not regulated	
MALTA	MFSA	SLC 3.02(m) SLC 3.06(i) also requires that the client agreement shall specify whether the <i>Investment firm</i> may act as a Principal in a transaction with the customer. A contract note should specify whether the <i>Investment firm</i> acted as principal. See SLC 8.07 (o) iii. and iv	
POLAND		The PSEC is now discussing possible method and form for the implementation of the mentioned standard.	
SLOVAKIA	MF FMA	Act No 566/2001 on Securities and Investment Services Article 73	An Investment Firm is obliged to provide the client with important information related to the transaction and advise him of important facts and risks associated with the transaction. To exercise due care when providing investment services above all means that an investment firm, considering the nature of the investment services provide in case of individual sales, purchases and other transactions, compared offered prices or documents that it is impractical or impossible to compare several offers, documents how a transaction was carried out, checks the objectives of registered data and prevents the risk of financial losses, designs business and investment plans which serve as the basis for effecting individual operations.
SLOVENIA		Not implemented	

Rule 105	<i>An investment firm must take all reasonable steps to refrain from executing orders for its own account or the account of its members of the board, directors, partners, employees and tied-agents before those of customers in identical or better conditions than the latter ("front running").</i>		
Country	Implementing Authority(ies)	Implementing Measure¹⁷	Comments
AUSTRIA	AP	Art 14 par 3 ASSA	Investment firms shall be prohibited from concluding sale or purchase transactions in financial instruments on the basis of their knowledge of the order situation with the intent to gain pecuniary benefit for themselves or a third party. The prohibition of front running is stated in the ASSA. This rule does not require further implementing measures.
BELGIUM	Parliament and Royal Decrees proposed by the Minister of Finance	See St. 98	See St. 98

¹⁷ Any derogation to the application of the implementing measures should be mentioned.

DENMARK	Parliament	Securities Trading, ect Consolidated Act, section 37a. (The above mentioned rule states that investment firms should draw up internal rules to prevent insider trading.)	Derogation: Implemented to the extent the front running mentioned is considered insider trading.
FINLAND	Parliament Rahoitustarkastus	Chapter 4, Section 4, Paragraph 3 of the Securities Markets Act. Section 16 b of the Act on Investment Firms. Rahoitustarkastus Guideline on Practices to be applied in the Provision of Investment Services (201.7).	
FRANCE	AMF	Article 3-4-8 of the GR of the CMF	Front running is subject to sanction as a market abuse..
GERMANY	BaFin	Section 32 WpHG	
GREECE		Section 9.1 of the Code of Conduct of Investment Services Firms requires that “the execution of the clients’ orders will precede the execution of the orders provided for the account of the firms themselves or for persons connected to them.”	
ICELAND	FME	Art. 3 para. 12, 4.1.3. para. 20 and Art. 4.1.4. para. 22 of the Directive Request nr. 1/2001 stipulate that the financial undertaking’s transactions for own account must not be given preferential treatment and must be traded sequentially and that personnel are prohibited from trading before customers orders.	See general clause regarding FME’s Directive Requests.
IRELAND	IFSRA	<u>COC, Section 14</u> As at 17 above.	
ITALY	CONSOB	Article 21, paragraph n. 1, of Legislative decree n. 58/1998 <i>(General criteria)</i> ○○○ Article 58, paragraph n.1, 2 and 3 of Consob Regulation 11522 <i>(Internal code of conduct)</i>	Consob has already published for consultation a revision of its regulation n. 11522 of 1 July 1998 on investment services in the securities field to clarify the specific obligations arising from the general principles laid down in the provisions at present in force.
LUXEMBOURG	CSSF	As pursuant to principle 1.7. of the circular CSSF 2000/15 the professional shall at no time manipulate the market and as “front-running” constitutes on form of market manipulation, the investment firm must comply with the principles laid down in this paragraph 105.	
NETHERLANDS	Ministry of Finance or AFM: deliberations are pending	Rules regarding private securities transaction (art 23 NR 2002) state that in private securities transactions members of staff may not carry not a transaction further to or in anticipation of orders from clients (annex 3, art 3.3 NR2002).	
NORWAY	Parliament	STA section 2a-2, section 9-2 par 1 subpar 6 and section 9-3	
PORTUGAL		Article 347/1 b) and c) of the Portuguese Securities Code.	
SPAIN	Parliament/Government/Ministry of Economy / C.N.M.V.	ROYAL DECREE 629/1993, OF 3 MAY, GOVERNING RULES OF ACTION IN THE SECURITIES MARKETS AND OBLIGATORY RECORD-KEEPING. ANNEX: GENERAL CODE OF CONDUCT FOR THE SECURITIES MARKETS. Article 1. Impartiality and good faith. and LAW 24/1988, 28 th of July, SECURITIES MARKETS ACT, Article 80.	
SWEDEN	Finansinspektionen	The Securities Business Act (1991:08), Chap 1 Section 7. Chap 1 Section 7 explicitly requires investment firms to avoid conflicts	

		of interest and if such should occur ensure that their clients are fairly treated	
UNITED KINGDOM	FSA	COB 7.4.3 (Dealing fairly and in due turn) COB 7.6.4 – 7.6.5 (Achieving timely execution) Please see rules referred to in relation to CESR Standard 92	See the comments in relation to CESR Rules 92 and 98.
CYPRUS	Cyprus Securities and Exchange Commission and the Central Bank of Cyprus	Paragraph 1 of Part II of Annex 8 of the Code of Business Conduct for Investment Firms and the Natural Persons employed by them, Directive 1/2003	
CZECH REPUBLIC	Securities Commission	PART THREE, CHAPTER I, Section 47b (1) g) of the Securities Act PART ONE, Sect. 10 (4) a) of the Decree by the Czech Securities Commission Stipulating Detailed Organisation Rules for the Internal Operations of Brokerage Houses and Detailed Rules for the Conduct of Brokerage Houses in Relation to Consumers	General rule and Chinese walls
ESTONIA	The EFSA	Guideline.	Front running is prohibited by the SMA and the TSE Rules and Regulations “Membership Rules” p 9.2
HUNGARY		Section 121 of CMA	Investment service providers and commodities brokers may accept consignments in respect of listed securities, exclusive of government securities, and other exchange-traded instruments only for trading on the exchange, and may engage in dealing for their own account – with some exception - only if transacted on the exchange. Investment service providers and commodities brokers may engage in the trading of listed securities, other than government securities, and exchange-traded instruments only in the capacity of intermediaries subject to consignment contract with the client. If specifically requested by a client, the investment service provider shall enter into a consignment contract in respect of government securities as well. When trading on the exchange, an investment service provider or a commodities broker may enter into a sales contract with the client for its own account in the absence of an appropriate counter-offer, only if permitted by the exchange's regulations. Investment service providers and commodities brokers must conclude transactions that are similar in nature in the sequence of arrival, and, if transactions are similar in nature, they shall conclude those made on behalf of clients before those made on their own account. The requirement to complete transactions in the sequence of arrival shall not apply to transactions in which the client waives his rights and instructs the service provider to carry out the transaction in consecutive segments. Insider information – among others - shall mean information which has not been made public relating to the securities market, such as any plans to acquire participating interest in a public limited liability company, conclusion of agency contract, preliminary decision concerning sale or purchase, change in exchange rate affecting Hungarian forint and other currencies, syndicate agreement among owners, voting arrangements,

			which, if it were made public, would be likely to have a significant effect on the value or price of the securities or exchange-traded instruments in question. Under Hungarian law “front running” can be considered as a special kind of insider cases.
LATVIA	Parliament	Article 127 of the Law on the Financial Instruments Market defines that in all cases where the execution of the investment services provider's order pertaining to the same financial instrument and the same type of transaction (purchase or sale) has not been commenced, the client's order shall be at all times executed prior to execution of the investment services provider's order.	
LITHUANIA		The member of Association or a person related to the member may not conclude a transaction on his own account, where the order of a client in respect of the same security has been received until the client's order is executed; or may conclude transaction only if it offers better conditions than the client. (Paragraph 3 of Chapter 23 of Code of Ethics).	
MALTA	MFSA	SLC 3.02(j) / (k) / SLC 3.07(c) SLC3.07(c) – Vide reply to St. 92.	
POLAND		The PSEC is now discussing possible method and form for the implementation of the mentioned standard.	
SLOVAKIA	MF FMA	Act No 566/2001 on Securities and Investment Services Article 73	An investment firm must take all reasonable steps to refrain from executing orders for its own account before those of customers and avoid conflicts of interests between the investment firm and its clients.
SLOVENIA	Parliament	SMA-1; A: 147, P:4	

Standard 103			
<i>An investment firm must ensure that orders are executed in accordance with the instructions from the customer.</i>			
Country	Implementing Authority(ies)	Implementing Measure¹⁸	Comments
AUSTRIA	AP	Art 16 para 3 ASSA, Art 384 Austrian Commercial Code Z 62 General terms and obligations of Austrian Credit Institutions in connection with Art 400 ff Austrian Commercial Code	According to Art 384 para 1 Austrian Commercial Code the commission agent has to fulfil the order in due care of a prudent business man and has to follow the instructions of the customer. According to Art 16 para 3 of ASSA, an investment firm has to have adequate internal control procedures that are suitable to counteract violations of obligations under ASSA. The control that orders are executed in accordance with the instructions from the customer is one part of the control procedures. This standard does not require further implementing measures.
BELGIUM	Parliament and Royal Decrees proposed by the	See St. 102	See St. 102

¹⁸ Any derogation to the application of the implementing measures should be mentioned.

	Minster of Finance		
DENMARK	The Ministry of Economic and Business Affairs Danish Financial Supervisory Authority	Executive order on Good Securities Trading Practices, section 4, par 4. no 1-5 Guidance on Executive order on Good Securities Trading Practices, section 4, par 4. no 1-5 (The abovementioned rule states that the customer must give his consent to the way the orders are executed before the order is executed and the investment firm must ensure that orders are executed in accordance with the instructions from the customer.)	
FINLAND	Parliament	Chapter 4, Section 4, Paragraph 1 of the Securities Markets Act.	
FRANCE	AMF	No explicit implementing measure identified, but this is clearly required of the first step of compliance with the best execution principle..	This is not an explicit requirement, but it is clearly required.
GERMANY	BaFin	Guideline, Part B.3.3.	
GREECE		Section 9.1 of the Code of Conduct of Investment Services Firms requires that “investment firms will execute their clients’ orders within reasonable time period and according to priority of receipt. The firms will seek the best price available in the market upon execution of the client’s order. The execution of the clients’ orders will precede the execution of the orders provided for the account of the firms themselves or for persons connected to them.”	
ICELAND	FME	An investment firm executing orders not in accordance with instructions would be in breach of Art. 4 of the Act on Securities Transactions (good business practices).	See general clause regarding FME’s Directive Requests.
IRELAND	IFSRA	<u>COC Section 2.6</u> Where a client accepts an instruction from a client which is subject to any condition imposed by the client, it shall maintain a written record of the condition to which the instruction is subject.	
ITALY	CONSOB	Article 21, paragraph n. 1, of Legislative decree n. 58/1998 <i>(General criteria)</i> ○○○ Article 32, paragraph n. 1 of Consob Regulation 11522 <i>(Dealing)</i>	Consob has already published for consultation a revision of its regulation n. 11522 of 1 July 1998 on investment services in the securities field to clarify the specific obligations arising from the general principles laid down in the provisions at present in force.
LUXEMBOURG	CSSF	The professional shall do its utmost to execute the orders according to the clients’ requests (principle 1.3.of the circular CSSF 2000/15).	
NETHERLANDS	Ministry of Finance or AFM: deliberations are pending	When processing an order, there must be authorisation that agreements made with clients are complied with.(annex 4, art 4.15(1)b NR2002)	
NORWAY	Parliament	STA, section 9-2	
PORTUGAL		Article 330/1 of the Portuguese Securities Code	
SPAIN	Government/Ministry of Economy / C.N.M.V.	ROYAL DECREE 629/1993, OF 3 MAY, GOVERNING RULES OF ACTION IN THE SECURITIES MARKETS AND OBLIGATORY RECORD-KEEPING. ANNEX: GENERAL CODE OF CONDUCT FOR THE SECURITIES	

		MARKETS. Article 2. Care and diligence.	
SWEDEN	Finansinspektionen		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	Principle 2 (Skill care and diligence) Principle 6 (Customers' interests) COB 7.4.3 (Dealing fairly and in due turn), COB 7.6.4 (Timely execution)	Firms must act with due skill, care and diligence, pay due regard to customers' interests, execute orders from customers in a timely fashion (providing best execution) and do so fairly and in due turn. A firm is not under an absolute obligation at all times to accept an order but, if firms have agreed by contract to carry out an order, general principles of contract law will apply to oblige the firm to comply.
CYPRUS	Cyprus Securities and Exchange Commission and the Central Bank of Cyprus	Paragraph 6 of Part I of Annex 8 of the Code of Business Conduct for Investment Firms and the Natural Persons employed by them, Directive 1/2003	Not explicit enough. It will be expressly provided for in the forthcoming amendments to the Code of Business Conduct for Investment Firms and the Natural Persons employed by them, Directive 1/2003, which are expected to be issued by the end of the first quarter of 2004.
CZECH REPUBLIC	Securities Commission	PART TWO, Sect. 12 (1) of the Decree by the Czech Securities Commission Stipulating Detailed Organisation Rules for the Internal Operations of Brokerage Houses and Detailed Rules for the Conduct of Brokerage Houses in Relation to Consumers	
ESTONIA	The EFSA.	Guideline.	
HUNGARY	Parliament	Section 205 of the Civil Code Section 277 of the Civil Code	Every contract has to be executed according to its content. Contracts are determined by the mutual and joint accord of the contracting parties.
LATVIA	Parliament	Article 128 of the Law on the Financial Instruments Market prescribes that the execution of a client's order may not be delayed and it shall be executed immediately, except in cases provided for by law, according to the client's instructions as to the time or price of the execution of the order.	
LITHUANIA		The financial brokerage firm shall execute the client's order strictly following the conditions laid down in the client's order (Paragraph 40 of Rules on placement and execution of clients' orders).	
MALTA	MFSA		No specific requirement apart from SLC 3.03 which requires that: "The <i>Investment firm</i> shall act with due skill, care and diligence – and in the best interests of its customers and of the market. Such action shall include: a. executing instructions and decisions in a prompt and timely fashion and, to the extent possible, in the order in which they are received;"
POLAND	Council of Ministers for	According to the Decree of the Council of Ministers dated September the 3 rd , 2002, in the matter of the procedures and the	Polish Securities and Exchange Commission is responsible for drafting,

	enacting	conditions to conduct operations for brokerage houses, banks conducting brokerage activities and banks keeping securities accounts, an authorised employee of a brokerage house shall confirm the placing of an order by a client. The brokerage house is obliged to issue a broker's order on the basis of client's order. If the brokerage house accepts instructions from client placed with use of a telephone, tele-facsimile, modem or other technical appliances, orders issued on the basis of such instructions must be promptly confirmed by an authorised employee of a brokerage house. (Par. 23.12, Par.24, Par. 25.1, Par. 25.2, Par. 25.3, Par. 25.4, Par. 26.3) There is also a draft of a new Polish Law on Public Trading of Securities prepared which includes a delegation for issuing by Council of Ministers the decree concerning inter alia conduct of business rules. The decree is going to expressly establish such a requirement.	30 September 2003 draft approved by the Council of Ministers whilst its entry into force envisaged for 1 May 2004.
SLOVAKIA	MF FMA	Act No 566/2001 on Securities and Investment Services Article 73	An investment firm is obliged to use professional care in the interest of its client when providing services.
SLOVENIA	Parliament	SMA-1; A: 146, P:2	

Rule 106			
<i>An investment firm must execute orders promptly and sequentially, unless the characteristics of the order and/or prevailing market conditions make this impossible or require otherwise in the interest of the customer.</i>			
Country	Implementing Authority(ies)	Implementing Measure¹⁹	Comments
AUSTRIA	AP	Art 13 ASSA	This rule is determined in the ASSA. This rule does not require further implementing measures. Please see 97.
BELGIUM	Parliament and Royal Decrees proposed by the Minister of Finance	See St. 102	See St. 102
DENMARK	Danish Financial Supervisory Authority	Guidance on Executive order on Good Securities Trading Practices, section 5, par. 1. (The above mentioned rule states that orders should be executed promptly unless it is in the customers best interest to do otherwise)	
FINLAND	Parliament Rahoitustarkastus	Chapter 4, Section 4, Paragraph 1 of the Securities Markets Act. Rahoitustarkastus Guideline on Practices to be applied in the Provision of Investment Services (201.7).	
FRANCE	AMF	Article 3-4-4 of the GR of the CMF	This provision does not say "promptly" but this is understood.
GERMANY	BaFin	Guideline, Part B.3.3.	
GREECE		Section 9.1 of the Code of Conduct of Investment Services Firms requires that "investment services firms will execute their clients' orders within reasonable time period and according to priority of receipt. The firms will seek the best price available in the market upon execution of the client's order. The execution of the clients'	

¹⁹ Any derogation to the application of the implementing measures should be mentioned.

		orders will precede the execution of the orders provided for the account of the firms themselves or for persons connected to them.” In addition, section 8.4 of the Code of Conduct of Investment Services Firms requires that for the provision of investment services, firms shall fully comply with duties and obligations pursuant to the principles of prudence, faith to client, objectivity and fairness. Indicatively but not limited to, investment services firms shall not proceed with discretionary recommendations to clients to execute transactions that do not serve client financial or other interests.	
ICELAND	FME		See general clause regarding FME’s Directive Requests.
IRELAND	IFSRA	<u>COC, Section 14</u> As at 17 above.	
ITALY	CONSOB	Article 21, paragraph n. 1, of Legislative decree n. 58/1998 <i>(General criteria)</i> ○○ Article 26, paragraph n.1 of Consob Regulation 11522 <i>(General rules of conduct)</i> ○○ Article 32, paragraph n. 1 of Consob Regulation 11522 <i>(Dealing)</i>	Consob has already published for consultation a revision of its regulation n. 11522 of 1 July 1998 on investment services in the securities field to clarify the specific obligations arising from the general principles laid down in the provisions at present in force.
LUXEMBOURG	CSSF	The principle 1.3. of the circular CSSF 2000/15 requires that the professional shall ensure that the orders received and accepted by him are executed promptly and on a first come, first served basis. The professional shall only defer the execution of orders where he considers such deferral is in the best interests of the originator of the order.	
NETHERLANDS	Ministry of Finance or AFM: deliberations are pending	art 30 NR2002: A firm must execute client orders following the receipt of the orders asap, and shall notify its clients of any developments relating to the securities that have a direct effect on the current order.	No reference to sequence.
NORWAY	Parliament ANSC	STA section 9-2 par 1 subpar 1 Ethical Norms, article 1-1	
PORTUGAL		Article 330/1 and 328/2 of the Portuguese Securities Code.	
SPAIN	Government/Ministry of Economy / C.N.M.V.	ROYAL DECREE 629/1993, OF 3 MAY, GOVERNING RULES OF ACTION IN THE SECURITIES MARKETS AND OBLIGATORY RECORD-KEEPING. Article 5. Periods for transmission and execution. And ANNEX: GENERAL CODE OF CONDUCT FOR THE SECURITIES MARKETS. Article 2. Care and diligence.	
SWEDEN	Finansinspektionen		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	COB 7.4.3 (Dealing fairly and in due turn)	Customer orders are required to be executed promptly and in due

		COB 7.6.4 – 7.6.5 (Achieving timely execution)	turn unless postponement is in best interests of customer. Execution must be done as soon as reasonably practicable unless postponement is in the customer's best interests. One reason for postponement would be where there is a foreseeable improvement in the level of liquidity in the relevant investment that is likely to enhance the terms on which the firm executes the customer order.
CYPRUS	Cyprus Securities and Exchange Commission and the Central Bank of Cyprus	Paragraphs 9 of Part I of Annex 8 of the Code of Business Conduct for Investment Firms and the Natural Persons employed by them, Directive 1/2003	
CZECH REPUBLIC	Securities Commission	PART THREE, CHAPTER I, Section 47a (1) i) of the Securities Act	
ESTONIA	The EFSA.	Guideline.	
HUNGARY	Parliament	Section 121 of CMA	Investment service providers and commodities brokers must conclude transactions that are similar in nature in the sequence of arrival, and, if transactions are similar in nature, they shall conclude those made on behalf of clients before those made on their own account. The requirement to complete transactions in the sequence of arrival shall not apply to transactions in which the client waives his rights and instructs the service provider to carry out the transaction in consecutive segments.
LATVIA	Parliament	Article 128 of the Law on the Financial Instruments Market defines that the execution of a client's order may not be delayed, and it shall be executed immediately, except in cases provided for by law according to the client's instructions as to the time or price of the execution of the order.	
LITHUANIA		Financial brokerage firms must commence executing clients' orders immediately, unless the agreement with the client or in the client's order specifies otherwise. Where, due to impediments, the financial brokerage firm cannot start executing the order of the client or it is impossible to execute the order within a reasonable period of time due to adverse conditions (such as price decline, no demand, etc.) on or off the stock exchange, the financial brokerage firm shall immediately notify the client on the impediments or conditions preventing the order from being executed, by submitting to him a notification in the manner set forth in par. 20 – 23 of these Rules (Paragraph 37 and 39 of Rules on placement and execution of clients' orders).	
MALTA	MFSA	Vide reply to St. 91	
POLAND	Parliament for the law Council of Ministers for enacting	There is a draft of a new Polish Law on Public Trading of Securities prepared which includes a delegation for issuing by Council of Ministers the decree concerning inter alia conduct of business rules. The decree is going to expressly establish such obligations.	Polish Securities and Exchange Commission is responsible for drafting and the Council of Ministers for approving 30 September 2003 draft approved by the Council of Ministers whilst its entry into force envisaged for 1 May 2004.
SLOVAKIA	MF FMA	Act No 566/2001 on Securities and Investment Services Article 73	An investment firm is obliged to carry out the client orders under best terms and execute in the times sequence as they were submitted to the investment firm.
SLOVENIA	Parliament	SMA- I; A: 147	

Rule 107			
<i>Customer orders may be matched internally only if such offsetting is clearly in accordance with the best interest of the customers involved and provided that the best execution standard is respected.</i>			
Country	Implementing Authority(ies)	Implementing Measure ²⁰	Comments
AUSTRIA	AP	Art 13 ASSA	The implementation of rules concerning the internally matching of orders will be undertaken in line with the revised ISD. Please see 96
BELGIUM	Parliament and Royal Decrees proposed by the Minister of Finance	Art. 36, § 1, 2° and art. 37 and 38, 2 nd paragraph, L. 6 April 1995 (centralisation principle with possibility of opt out; “off setting” is normally not permitted)	Art. 26, 12° (to come into force later) Further measures can be taken on the basis of Art. 26, 12° b), 17° and 146 L. 2 August 2002
DENMARK			The Ministry of Economic and Business Affairs is the competent Authority for deciding on the further implementation. The Danish Financial Supervisory Authority has approached the Ministry of Economics and Business Affairs in that regard
FINLAND	Rahoitustarkastus	Rahoitustarkastus Guideline on Practices to be applied in the Provision of Investment Services (201.7).	
FRANCE	AMF	No specific implementing measure identified but best execution is always required.	In France only a limited form of internal matching (cross-trades) is currently allowed in any event.
GERMANY	BaFin	Guideline, Part B.3.3. par. 6	Internal matching means acting as principle “ <u>internalisation</u> ” is proprietary trading. If relation to market price is not sufficient, further requirements for implementation should be clarified
GREECE		Article 15 of Law 3632/28 prohibits the off exchange transactions of securities listed in the Athens Stock Exchange and therefore the internalisation of orders.	In Greece there is no possibility of matching orders internally.
ICELAND	FME		See general clause regarding FME’s Directive Requests.
IRELAND	IFSRA	<u>COC, Section 7.1</u> As at 91 above.	
ITALY	CONSOB	Article 21, paragraph n. 1, of Legislative decree n. 58/1998 <i>(General criteria)</i> ○○○ Article 32, paragraph n. 1 of Consob Regulation 11522 <i>(Dealing)</i>	Consob has already published for consultation a revision of its regulation n. 11522 of 1 July 1998 on investment services in the securities field to clarify the specific obligations arising from the general principles laid down in the provisions at present in force.
LUXEMBOURG	CSSF	As according to principle 1.2. of the circular CSSF 2000/15 the professional shall do his utmost that received and accepted orders are executed in the best possible way, the professional shall thus also comply with principle 107.	
NETHERLANDS	Ministry of Finance or AFM: deliberations are pending	Not implemented	Internalisation at this moment not allowed.
NORWAY	Parliament	STA section 9-2 and section 11-3	
PORTUGAL		SC arts 330, 304/1 and 309/3	This standard is already implemented through the mentioned rules. According to article 330(4) of the SC, orders relating to

²⁰ Any derogation to the application of the implementing measures should be mentioned.

			securities admitted to trading on a given market must be executed in that market, except when there are express and written indications from the client. According to article 330/2 of the SC orders must be executed in the best conditions of the market (even in case of internalization). When acting also as counterpart on the operation, the financial intermediary must obtain a written consent from the client (Articles 304/1 and 309/3 of the SC). During on site supervision, the CMVM confirms the existence of situations related with conflict of interests.
SPAIN	Government/Ministry of Economy / C.N.M.V.	ROYAL DECREE 629/1993, OF 3 MAY, GOVERNING RULES OF ACTION IN THE SECURITIES MARKETS AND OBLIGATORY RECORD-KEEPING. ANNEX: GENERAL CODE OF CONDUCT FOR THE SECURITIES MARKETS. Article 2 “Care and diligence”.	
SWEDEN	Finansinspektionen		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	Principle 2 (Skill care and diligence) Principle 6 (Customers’ interests) Principle 7 (Communications with clients) Principle 8 (Conflicts of interest) COB 7.1.3 (Fair treatment) COB 7.5.3 – 7.5.6 (Best execution)	Firms are obliged to deliver best execution for customers whether acting as principal or agent for the customer (see obligations described for CESR Standard 102), and whether acting for more than one customer. COB rules do not operate in favour of executing at external venues as against internal matching and so CESR rule 107 might be understood to be more prescriptive than FSA rules. Firms are also obliged to ensure fair treatment for customers when they have a material interest in a transaction, to manage conflicts of interests between themselves and customers, and between customers, and to have regard to the information needs of customers
CYPRUS	Cyprus Securities and Exchange Commission and the Central Bank of Cyprus	Paragraph 2 of Annex 3 of the Code of Business Conduct for Investment Firms and the Natural Persons employed by them, Directive 1/2003	Although we believe that this is covered by the general duty provided for, it will be expressly provided for in the forthcoming amendments to the Code of Business Conduct of Investment Firms and the Natural Persons employed by them, Directive 1/2003 which are expected to be issued by the end of the first quarter of 2004
CZECH REPUBLIC	Securities Commission	Decree on Detailed Organisation Rules for the Internal Operations of Brokerage Houses and Detailed Rules of Conduct of Brokerage Houses, Art. 12 sec. 1.	No specific rule on internal matching
ESTONIA	The EFSA.	Guideline.	
HUNGARY		See comments for paragraph 105.	
LATVIA	FCMC	The laws or FCMC regulations do not specifically regulate this issue.	
LITHUANIA		Not regulated	It should be noted that according to the LSM (Art. 14.2), where

			securities are admitted to the official or current listing on a stock exchange registered in the Republic of Lithuania, secondary trading transactions must be concluded only on that stock exchange, thus making internal matching impossible.
MALTA	MFSA	SLC 3.03(b)/ 3.02(m)	
POLAND		There is no possibility of orders internal matching.	
SLOVAKIA	MF FMA	Act No 566/2001 on Securities and Investment Services Article 73	Investment firm is obliged to ask client , depending on the type and range of services requested by the client, for the information about his financial position, experience with investing in financial instruments, and the objectives the client seeks to achieve through the requested service, and to provide investment services with respect to the determined level of professional knowledge and experience of the client served in the client’s interest.
SLOVENIA		Please see under point 96.	

Rule 108			
<i>If an investment firm aggregates orders, it must pre-assign such orders prior to executing them.</i>			
Country	Implementing Authority(ies)	Implementing Measure²¹	Comments
AUSTRIA	AP	Art 18 ASSA	The pre-assignment of aggregated orders is guaranteed by the computer based executions systems used by Austrian credit institutions. This rule does not require further implementing measures. Please see 96.
BELGIUM	Parliament and Royal Decrees proposed by the Minister of Finance	See St. 96	See St. 96
DENMARK	Parliament Danish Financial Supervisory Authority	Financial Business Act, section 71, par. 1, no 1 and no 2 Guidance for investment companies on Financial Business Act, section 15. (The above mentioned rules state that investment firms should have internal business procedures on aggregating and pre-assigning orders)	Implemented in general terms
FINLAND	Parliament Rahoitustarkastus	Chapter 4, Section 4, Paragraph 3 of the Securities Markets Act. Rahoitustarkastus Guideline on Practices to be applied in the Provision of Investment Services (201.7).	General rule, no detailed provisions available yet. The Rahoitustarkastus regulations and guidelines are currently under general restructuring and revision. The need for specifying provisions concerning the conduct of business rules is under discussion in that project. The consultation paper is scheduled to be sent out for consultation in early 2004.
FRANCE	AMF	Article 3-4-12 of the GR of the CMF	The provision refers to “transmitting an aggregated order” but this includes execution via transmission to the market.
GERMANY	BaFin	Guideline, Part B.3.5. par. 2	
GREECE		Section 9.2 of the Code of Conduct of Investment Services Firms requires that “investment services firms will not conclude uniform	

²¹ Any derogation to the application of the implementing measures should be mentioned.

		transactions for the execution of the same kind of client orders in case the relevant consent of the client has not been secured or in case that, according to their reasonable estimate, the unified execution of orders may be detrimental to the interests of the relevant principals. In the event that the unified execution of the clients' orders covers only a part of the client's order, the proceeds of the relevant transaction will be allocated fairly between the clients and at priority in relation to the orders provided for their own account or for the account of persons connected to them."	
ICELAND	FME		See general clause regarding FME's Directive Requests.
IRELAND	IFSRA	<u>COC, Section 7.4</u> As at 91 above.	
ITALY	CONSOB	Article 21, paragraph n. 1, of Legislative decree n. 58/1998 <i>(General criteria)</i> ○○○ Article 32, paragraph n. 1 of Consob Regulation 11522 <i>(Dealing)</i>	Consob has already published for consultation a revision of its regulation n. 11522 of 1 July 1998 on investment services in the securities field to clarify the specific obligations arising from the general principles laid down in the provisions at present in force.
LUXEMBOURG	CSSF	Where a professional adopts the practice of placing block orders on behalf of several parties, the basis of allocation between the parties shall be established in advance of any commitment. (principle 1.6. of the circular CSSF 2000/15).	
NETHERLANDS	Ministry of Finance or AFM: deliberations are pending	Annex 4, art. 4.16 states that in case of a block order, all the names and account numbers of the clients/principals concerned shall be recorded and the numbers shall be specified for each client. Art 4.15 (1) states that the primary recording of orders must at all times be detectable.	
NORWAY		STA section 9-2	
PORTUGAL		SC arts 328/4 and 330/5	
SPAIN	Government/Ministry of Economy / C.N.M.V.	ROYAL DECREE 629/1993, OF 3 MAY, GOVERNING RULES OF ACTION IN THE SECURITIES MARKETS AND OBLIGATORY RECORD-KEEPING. ANNEX: GENERAL CODE OF CONDUCT FOR THE SECURITIES MARKETS. Article 1.3 "Impartiality and good faith".	Orders must be assigned following an objective system.
SWEDEN	Finansinspektionen		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	Please see COB 7.12 provisions referred to in relation to CESR Standards 91 and 93, above. These require orders to be recorded. Also COB 7.7.14R requires that if a firm aggregates a number of client orders, the firm must make a record of the intended basis of allocation as soon as is practicable. COB 7.7.5 – 7.7.6 and 7.7.9 require prompt and fair allocation of an aggregated order.	Please see comments in relation to CESR Rule 99: Firms are obliged to make records about whose orders are aggregated and the intended basis of allocation. COB 7.7.5R provides that where a firm has aggregated a customer order with the orders of other customers and part or all of the aggregated order has been filled, it must promptly allocate the designated investments concerned. COB 7.7.6E indicates that depending on the circumstances, such

			allocation must take place between one to five business days after the transaction takes place.
CYPRUS	Cyprus Securities and Exchange Commission and the Central Bank of Cyprus	Paragraph 2 of Part III of Annex 8 of the Code of Business Conduct for Investment Firms and the Natural Persons employed by them, Directive 1/2003	
CZECH REPUBLIC	Securities Commission	PART TWO, Sect. 12 (2) e) 1. of the Decree by the Czech Securities Commission Stipulating Detailed Organisation Rules for the Internal Operations of Brokerage Houses and Detailed Rules for the Conduct of Brokerage Houses in Relation to Consumers	
ESTONIA		Not implemented.	
HUNGARY	Parliament	Section 121 of CMA	Under a consignment contract, the investment service provider or the commodities broker may conclude the transaction for its own account, or converged with other transaction or broken up into segments, only upon the client's express consent.
LATVIA	FCMC RSE	As mentioned above (in item 96), investment service providers may not aggregate orders prior to entering them in the automated trading system of the Riga Stock Exchange.	
LITHUANIA		Not regulated	
MALTA	MFSA		Not specifically catered for.
POLAND	Parliament for the law Council of Ministers for the decree	According to current Polish rules there is no possibility of order aggregating. There is only one exemption from this restriction. According to Par. 23.3 of the Decree of the Council of Ministers dated September the 3 rd , 2002, in the matter of the procedures and the conditions to conduct operations for brokerage houses, banks conducting brokerage activities and banks keeping securities accounts, the portfolio manager may issue one order for its customers provided that that order specifies the number of securities bought or sold for each customer and the procedure followed by the brokerage house in case of partial fulfilment of order.	Polish Securities and Exchange Commission is responsible for drafting of the decree
SLOVAKIA	MF FMA	Act No 566/2001 on Securities and Investment Services Article 73	An investment firm is obliged to carry out client orders under best terms and execute in the times sequence as they were submitted to the investment firm.
SLOVENIA		Please see under point 99.	

Rule 109	<i>The price received or paid by the customer shall be identified separately from the fees and costs to the customer.</i>		
Country	Implementing Authority(ies)	Implementing Measure²²	Comments
AUSTRIA	AFEC	General terms and obligations of Austrian Credit Institutions	It is common market standard and determined in the GTC that price received or paid by the customer is identified separately from the fees and costs to the customer. This rule does not require further implementing measures.

²² Any derogation to the application of the implementing measures should be mentioned.

BELGIUM	Parliament and Royal Decrees proposed by the Minister of Finance	No specific rules	Further measures can be taken on the basis of Art. 26, 17° and 146 L. 2 August 2002
DENMARK	The Ministry of Economic and Business Affairs	Executive order on Good Securities Trading Practices, section 11, par. 1, no 8 (The above mentioned rule states that the price should be identified separately from fees and costs in the contract note.)	
FINLAND	Rahoitustarkastus	Rahoitustarkastus Guideline on Practices to be applied in the Provision of Investment Services (201.7 par. 4)	
FRANCE	AMF	Decision 98-28 of the CMF (article 3)	Detailed information on all charges and costs is required; see the remarks above in the “customer reporting” section.
GERMANY	BaFin	Guideline, Part B.3.6.2. par. 3 Not implemented for acting as principal	
GREECE		Such a reference should be made to the contract agreement between the investment services firms and the customer. (sections 7.2 (bb), (cc) and 9.6 (d) of the Code of Conduct)	We believe that sections 7.2. (bb) (cc) and 9.6. (d) of the Code of Conduct of investment services firms have implemented the relevant standard.
ICELAND	FME		See general clause regarding FME’s Directive Requests.
IRELAND	IFSRA	<u>COC, Section 11</u> As at 26 above.	
ITALY	CONSOB	Article 32, paragraph n. 5 and 6 of Consob Regulation 11522 <i>(Dealing)</i> ○○○ Article 61, paragraph n. 1 and 2 of Consob Regulation 11522 <i>(Information on transactions)</i>	Consob has already published for consultation a revision of its regulation n. 11522 of 1 July 1998 on investment services in the securities field to clarify the specific obligations arising from the general principles laid down in the provisions at present in force.
LUXEMBOURG		No specific rules	
NETHERLANDS	Ministry of Finance or AFM: deliberations are pending	Following the execution of a securities transaction, a client must be provided with information regarding the price at which the transaction was executed and all categories of costs that will be charged to the client (art 34 NR2002). In case of a portfolio management agreement, the firm issues a quarterly statement which includes the management and other costs charged. (art 35 NR2002).	
NORWAY	Parliament	STA section 11-2 par 4	
PORTUGAL		CMVM Reg. 12/2000 art. 42/1 e) and h)	
SPAIN	Government/Ministry of Economy / C.N.M.V.	ROYAL DECREE 629/1993, OF 3 MAY, GOVERNING RULES OF ACTION IN THE SECURITIES MARKETS AND OBLIGATORY RECORD-KEEPING. Article 16. Information to clients regarding transactions which have been performed. And MINISTERIAL ORDER DATED 25 OCTOBER 1995, PARTIALLY IMPLEMENTING ROYAL DECREE 629/1993, DATED 3 MAY, GOVERNING RULES OF ACTION IN THE SECURITIES MARKETS AND OBLIGATORY RECORD-KEEPING Nine.- Rules.	
SWEDEN	Finansinspektionen		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	COB 8.1.3R, 8.1.5E and 8.1.15E (Reporting to customers)	Firms are obliged to provide confirmation of transactions executed for customers. These confirmations must identify the total amount for the transaction, the unit price for the security traded, the remuneration of the firm, and fees and taxes applicable. These are required as separate pieces of information in the confirmation.
CYPRUS	Cyprus Securities and Exchange Commission and the Central Bank of Cyprus	Paragraph 1 of Part IV of Annex 8 of the Code of Business Conduct for Investment Firms and the Natural Persons employed by them, Directive 1/2003	
CZECH REPUBLIC	Securities Commission	PART THREE, CHAPTER I, Section 47a (1) b) of the Securities Act PART TWO, Sect. 13 of the Decree by the Czech Securities Commission Stipulating Detailed Organisation Rules for the Internal Operations of Brokerage Houses and Detailed Rules for the Conduct of Brokerage Houses in Relation to Consumers PART TWO, Sect. 12 (5) of the Decree by the Czech Securities Commission Stipulating Detailed Organisation Rules for the Internal Operations of Brokerage Houses and Detailed Rules for the Conduct of Brokerage Houses in Relation to Consumers	
ESTONIA	The EFSA.	Guideline.	
HUNGARY			There are no such Hungarian provisions.
LATVIA	FCMC	The laws or FCMC regulations do not specifically regulate this issue. However, in practice statements of account always contain the price received or paid by the customer, indicated separately from the fees and costs to the customer.	
LITHUANIA		Not regulated	
MALTA	MFSA	SLC 8.07(o)	
POLAND	Parliament for the law Council of Ministers for the decree	There is a draft of a new Polish Law on Public Trading of Securities prepared which includes a delegation for issuing by Council of Ministers the decree concerning inter alia conduct of business rules. The decree is going to expressly establish such obligations.	Polish Securities and Exchange Commission is responsible for drafting and the Council of Ministers for approving 30 September 2003 draft approved by the Council of Ministers whilst its entry into force envisaged for 1 May 2004.
SLOVAKIA	MF FMA	Act No 566/2001 on Securities and Investment Services Article 73	An investment firm is obliged to keep money and securities entrusted by clients in bank accounts and owners accounts separately from bank accounts and owners accounts in which it keeps money and securities constituting its asset.
SLOVENIA	Parliament Securities Market Agency	SMA-1; A: 152 Decision on the Provision of services with regard to securities, A: 4	

Rule 110	<i>An investment firm must inform customers of relevant risks or impediments for the proper execution of the orders. If, due to market conditions, or for any other reason, an order cannot be executed according to the instructions given by the customer, an investment firm must ensure that the customer is duly informed as soon as</i>		
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<i>possible.</i>			
Country	Implementing Authority(ies)	Implementing Measure ²³	Comments
AUSTRIA	AP/AFEC/MF FMA	Guideline for implementation the conduct of business rules laid down in the ASSA (17.3.1998) Art 13 para 3 ASSA	This rule is covered by several provisions of the ASSA and the GL. This rule does not require further implementing measures.
BELGIUM	Idem	No specific rules	Further measures can be taken on the basis of Art. 26, 17° and 146 L. 2 August 2002
DENMARK	The Ministry of Economic and Business Affairs Danish Financial Supervisory Authority	Executive order on Conduct of Business, section 22. Guidance on Executive order on Good Securities Trading Practices, section 4, par. 1. (The above mentioned rules state that investment firms should inform the customers of relevant risks or impediments for the proper execution of the orders. If an order cannot be executed according to instructions the investment firm should inform the customer.)	Will come into force on 1 April 2004
FINLAND	Parliament Rahoitustarkastus	Chapter 4, Section 4, Paragraph 2 and Chapter 4, Section 1 of the Securities Markets Act.	General rule, no detailed provisions available yet. The Rahoitustarkastus regulations and guidelines are currently under general restructuring and revision. The need for specifying provisions concerning the conduct of business rules is under discussion in that project. The consultation paper is scheduled to be sent out for consultation in early 2004.
FRANCE	AMF	No specific implementing measure identified.	This is not an explicit requirement.
GERMANY	BaFin	Guideline, Part B.2.2. et seqq. Amendment of guideline needed	
GREECE		According to section 6.1 of the Code of Conduct of Investment Services Firms, investment services firms should conduct business by informing customers of relevant risks or impediments for the proper execution of the orders. We believe that section 6.1. in conjunction with section 4.2. (d) of the Code of Conduct of investment services firms implement the relevant standard. Section 4.2. (d) of the Code of Conduct 4.2 For compliance with duties and obligations pursuant to the first principle, Investment Services Firms shall take proper measures such that to ensure: d) The continuous and regular dissemination of information to customers about important events relating to the contractually specified provision of investment services and affecting the interests of their customers.	
ICELAND	FME		See general clause regarding FME's Directive Requests.
IRELAND	IFSRA	COC, Section 7.1 & 7.2 Deals with Client Best Advantage and other aspects of the	See HISF, COC, page 10

²³ Any derogation to the application of the implementing measures should be mentioned.

		transactions	
ITALY	CONSOB	Article 21, paragraph n. 1, of Legislative decree n. 58/1998 <i>(General criteria)</i> ○○○ Article 61, paragraph n. 1, of Consob Regulation 11522 <i>(Information on transactions)</i>	Consob has already published for consultation a revision of its regulation n. 11522 of 1 July 1998 on investment services in the securities field to clarify the specific obligations arising from the general principles laid down in the provisions at present in force.
LUXEMBOURG	CSSF	As according to principle 5.4. of the circular CSSF 2000/15 the professional shall inform the client about the available products and services and the inherent risks, the professional shall also comply with principle 110.	
NETHERLANDS	Ministry of Finance or AFM: deliberations are pending	Not implemented A firm must notify its clients of any developments relating to the securities that have a direct effect on the current order	No legislative authority for AFM Existing rules also lack the requirement that a client is duly informed asap.
NORWAY	Parliament	STA section 9-2 par 1 subpar 5	
PORTUGAL		SC arts. 312/1 a) and 323 b)	
SPAIN	Ministry of Economy / C.N.M.V.	ROYAL DECREE 629/1993, OF 3 MAY, GOVERNING RULES OF ACTION IN THE SECURITIES MARKETS AND OBLIGATORY RECORD-KEEPING. Article 16. Information to clients regarding transactions which have been performed. And ANNEX: GENERAL CODE OF CONDUCT FOR THE SECURITIES MARKETS. Article 5. Information to clients. And MINISTERIAL ORDER DATED 25 OCTOBER 1995, PARTIALLY IMPLEMENTING ROYAL DECREE 629/1993, DATED 3 MAY, GOVERNING RULES OF ACTION IN THE SECURITIES MARKETS AND OBLIGATORY RECORD-KEEPING Nine.- Rules.	
SWEDEN	Finansinspektionen		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	Principle 6 (Customers' interests) Principle 7 (Communications with clients) COB 7.4.3 (Dealing fairly and in due turn) COB 7.6.4 – 7.6.5 (Achieving timely execution)	Customer orders must be executed promptly and in due turn, unless postponement is in best interests of customer. Although there is no direct information obligation in our rules, and no particular disclosure obligations for risks other than those inherent in particular products, Firms are required to pay due regard to the information needs of their customers, which would (if appropriate) include provision of information about market conditions. Firms providing advice in conjunction with order execution facilities will be required to take reasonable care to provide appropriate advice and make suitable recommendations in all of the circumstances.

CYPRUS	Cyprus Securities and Exchange Commission and the Central Bank of Cyprus	Paragraphs 6 and 7 of Part I of Annex 8 of the Code of Business Conduct for Investment Firms and the Natural Persons employed by them, Directive 1/2003	The duty to inform of relevant risks or impediments for the proper execution of orders is not expressly provided for. This will be expressly provided for in the forthcoming amendments to the Code of Business Conduct of Investment Firms and the Natural Persons employed by them, Directive 1/2003 which are expected to be issued by the end of the first quarter of 2004.
CZECH REPUBLIC	Securities Commission	PART TWO, Sect. 16 of the Decree by the Czech Securities Commission Stipulating Detailed Organisation Rules for the Internal Operations of Brokerage Houses and Detailed Rules for the Conduct of Brokerage Houses in Relation to Consumers	
ESTONIA	The EFSA.	Guideline.	
HUNGARY	Parliament	Section 115 of CMA	Investment service providers and commodities brokers shall inform their clients, prior to entering into a contract concerning the services they provide as licensed, on the current prices of investment instruments and/or exchange-traded instruments, on previous changes in such prices, on the marketability of the instruments, on public information, on the risks involved, on the investor protection scheme if any, and shall supply all other information that may be of consequence regarding the conclusion and settlement of the contract. Investment service providers and commodities brokers shall include a clause in their contracts verifying receipt of said notifications and information. Investment service providers and commodities brokers must inform their clients regarding any and all contractual fees and charges.
LATVIA	FCCM	The laws or FCCM regulations do not specifically regulate this issue.	
LITHUANIA		Where, due to impediments, the financial brokerage firm cannot start executing the order of the client or it is impossible to execute the order within a reasonable period of time due to adverse conditions (such as price decline, no demand, etc.) on or off the stock exchange, the financial brokerage firm shall immediately notify the client on the impediments or conditions preventing the order from being executed, by submitting to him a notification in the manner set forth in par. 20 – 23 of these Rules (Paragraph 39 of Rules on placement and execution of clients' orders).	
MALTA	MFSA	SLC 3.05(g)/ (h)/ (i)	
POLAND	Parliament for the law Council of Ministers for the decree	There is a draft of a new Polish Law on Public Trading of Securities prepared which includes a delegation for issuing by Council of Ministers the decree concerning inter alia conduct of business rules. The decree is going to expressly establish such obligations.	Polish Securities and Exchange Commission is responsible for drafting and the Council of Ministers for approving 30 September 2003 draft approved by the Council of Ministers whilst its entry into force envisaged for 1 May 2004.
SLOVAKIA	MF FMA	Act No 566/2001 on Securities and Investment Services Article 73	Investment firm is obliged to ask client, depending on the type and range of services requested by the client, for the information about his financial position, experience with investing in financial instruments, and the objectives the client seeks to achieve through the requested service, and to provide investment services with respect to the determined level of professional knowledge and

			experience of the client served in the client's interest.
SLOVENIA	Parliament	SMA-1; A: 144 SMA-1; A: 145	Please see also provisions on protection of client's interests (A: 139 of the SMA-1) Investment firm must notify the client also if the conditions for execution on the market change in the way that the order can not be executed.

5.3) POST- EXECUTION OF ORDERS

Standard 111			
<i>An investment firm must ensure the proper and speedy recording, allocation and distribution of executed transactions.</i>			
Country	Implementing Authority(ies)	Implementing Measure ²⁴	Comments
AUSTRIA		Art 13 ASSA Art 384 Austrian Commercial Code	This rule is covered by provisions of the ASSA and the Austrian Commercial Code, which lays down that the credit institution as commission agent has to fulfil the order due care of a prudent business man and he has to report the principal immediately after he has fulfilled the commission, to give account for the transaction and he has to give the principal all the information he needs. If the commission agent doesn't fulfil the commission transaction in accordance with the instructions of the customer he owes him compensation. This rule can be assumed as common market standard. This standard does not require further implementing measures.
BELGIUM	Parliament and Royal Decrees proposed by the Minister of Finance	Art. 36, § 1, 7° and 62 L 6 April 199 and prudential requirements	Art. 26, 8°, L. 2 August 2002 (to come into force later) New rules can be enacted by RD on the basis of Art. 26, 17, L. 2 August 2002
DENMARK	Parliament	Financial Business Act, section 71 par. 1, no 1 The above mentioned rule state that investment firms should have internal business procedures on recording an allocation of orders.)	Implemented in general terms
FINLAND	Parliament Rahoitustarkastus	Chapter 4, Section 4, Paragraph 1 of the Securities Markets Act.	The Rahoitustarkastus regulations and guidelines are currently under general restructuring and revision. The need for specifying provisions concerning the conduct of business rules is under discussion in that project. The consultation paper is scheduled to be sent out for consultation in early 2004.
FRANCE	AMF	Articles 3-4-4 and 6-3-5 of the GR of the CMF	These provisions refer respectively to the recording and allocation (which also covers "distribution") of executed transactions.
GERMANY	BaFin	Guideline, Part B.3.6.1.	
GREECE		Section 4.3 (a) of the Code of Conduct of Investment Services Firms, article 8 paragraph 2 of Law 2396/1996 on "Investment Services in the securities field, capital adequacy of Investment Services Firms and credit institutions and shares' dematerialisation" and Ministerial Decision 6280/B508/17-5-1989 provide for the proper and speedy recording, allocation and	

²⁴ Any derogation to the application of the implementing measures should be mentioned.

		distribution of executed transactions.	
ICELAND	Parliament, FME	It follows from Art. 10 of the Act on Securities Transactions on the duty to separate assets and financial instruments that speedy allocation and distribution has to take place.	General clause regarding FME's Directive Requests: The FME plans to make changes to Directive Request no. 1/2001 and to issue a new directive request to fulfill its obligations to implement the CESR standards on investor protection, where this is within its authority. A first consultation paper regarding the CESR standards on investor protection was issued in October 2003. A second consultation paper will be published in the first half of 2004. Finalized Directive Requests on investor protection are estimated to have taken effect in the third quarter of 2004. This estimated timing of implementation is made with the reservation that it is subject to the outcome of the consultation process, where among other matters, the authority of the FME to implement some of the rules may be called into question.
IRELAND	IFSRA	<u>COC, Section 15.1, 15.2</u> As at 97 above.	
ITALY	CONSOB	Article 21, paragraph n. 1, of Legislative decree n. 58/1998 <i>(General criteria)</i> ○○○ Article 63 of Consob Regulation 11522 <i>(Recording of orders and transactions)</i>	Consob has already published for consultation a revision of its regulation n. 11522 of 1 July 1998 on investment services in the securities field to clarify the specific obligations arising from the general principles laid down in the provisions at present in force.
LUXEMBOURG	CSSF	The professional shall ensure that orders are executed promptly (principle 1.3. of the circular CSSF 2000/15) and shall forward to the client all confirmations and other information regarding transactions (principle 5.9).	
NETHERLANDS	Ministry of Finance or AFM: deliberations are pending	Not implemented Order tickets must be transferred as soon as possible following processing from the front office to the back office (annex 4, art 4.15 NR 2002). All transactions and the resulting liabilities shall be systematically processed in the records (annex 4, art. 4.16 NR2002)	No legislative authority for AFM
NORWAY	Parliament ANSC	STA, section 9-2 Ethical Norms, article 1-1(3)	
PORTUGAL		CMVM Regulation 12/2000 art. 74 ss.	
SPAIN		Royal Decree 629/1993, of 3 May, Governing Rules of Action in the Securities Markets and Obligatory Record-Keeping. Article 5 "Periods for transmission and executions".	
SWEDEN	Finansinspektionen	Regulation on Conduct of Business Rules (2002:7), Chap 6 Dealing requirements. Section 5 Chap 6 Section 5 explicitly requires the recording and allocation as soon as possible.	
UNITED KINGDOM	FSA	COB 7.7.5 – 7.7.6, 7.7.16 – 7.7.17 (Aggregation of orders) COB 7.12.3 – 7.12.6 (Customer order and execution records)	Firms must allocate (when orders are aggregated) and record executed transactions promptly. The imperative nature of the COB provisions fit with the wording in Standard 111.
CYPRUS	House of Representatives	Section 36 of the Investment Firms Laws of 2002-2003	

	Cyprus Securities and Exchange Commission and the Central Bank of Cyprus	Paragraph 14 of Part I of Annex 8 of the Code of Business Conduct for Investment Firms and the Natural Persons employed by them, Directive 1/2003	
	Cyprus Securities and Exchange Commission	Section 8(1) and Paragraphs 2.1 and 2.2 of Part III of Annex 1 of the Directive on Books and Records to be kept by the Cyprus Investment Firms	
CZECH REPUBLIC	Securities Commission	Section 47b (1) a) of the Securities Act	
ESTONIA	The EFSA.	Guideline.	
HUNGARY	Parliament	Subsection 3 of Section 111 of CMA	All executive officers and employees of investment service providers and commodities brokers shall, at all times, act in a professional and workmanlike manner, and shall handle their assigned duties with due care and attention as it is appropriate to best represent the interests of the investment service provider or the commodities broker and that of the clients, in due compliance with the relevant legal regulation.
LATVIA	Parliament	Article 125(4) of the Law on the Financial Instruments Market requires that executed transactions be registered and relevant entries in customers' accounts be made immediately.	
LITHUANIA		Not regulated	
MALTA	MFSA	SLC 3.02 (k)/ SLC 3.03(a)/ SLC 10.20/10.21	
POLAND	Parliament for the law Council of Ministers for the decree	There is a draft of a new Polish Law on Public Trading of Securities prepared which includes a delegation for issuing by Council of Ministers the decree concerning inter alia conduct of business rules. The decree is going to expressly establish such obligations.	Polish Securities and Exchange Commission is responsible for drafting and the Council of Ministers for approving 30 September 2003 draft approved by the Council of Ministers whilst its entry into force envisaged for 1 May 2004.
SLOVAKIA	MF FMA	Act No 566/2001 on Securities and Investment Services Article 73	An investment firm is obliged to carry out client orders under best terms and execute in the times sequence as they were submitted to the investment firm.
SLOVENIA	Parliament	SMA- 1; A: 147, P:3 SMA- 1; A: 150, P:1	

Rule 113	<i>An investment firm must record the essential elements of transactions, including those carried out for its own account, immediately after their execution. An investment firm must record in an analogous manner the orders they give and the transactions they carry out for the purpose of remedying errors made in recording, transmitting or executing orders.</i>		
Country	Implementing Authority(ies)	Implementing Measure²⁵	Comments
AUSTRIA	AP	Art 10 ASSA, securities reporting decree; Art 17 ASSA	The obligations stated in this rule are determined in the ASSA and in the securities-reporting decree. This rule does not require further implementing measures.
BELGIUM	RD 31 March 2003 on declaration of financial transactions and on record	RD 31 March 2003 on declaration of financial transactions and on record keeping	See St. 111

²⁵ Any derogation to the application of the implementing measures should be mentioned.

	keeping		
DENMARK	Parliament Danish Financial Supervisory Authority	Financial Business Act, section 15, par. 1, no 1 and no 2 (Financial Business Act, section 71, par. 1, no 1 and no 2) Guidance for investment companies on Financial Business Act, section 15. (The above mentioned rules state that investment firms should have internal business procedures on recording and allocation of orders)	Implemented in general terms
FINLAND	Parliament Rahoitustarkastus	Chapter 4, Section 1 of the Securities Markets Act. Rahoitustarkastus Guideline on Practices to be applied in the Provision of Investment Services (201.7).	General rule, no precise provisions for recording in an analogous manner. The Rahoitustarkastus regulations and guidelines are currently under general restructuring and revision. The need for specifying provisions concerning the conduct of business rules is under discussion in that project. The consultation paper is scheduled to be sent out for consultation in early 2004.
FRANCE	AMF	Article 3-4-4 of the GR of the CMF	This provision covers all orders including those issued by the firm.
GERMANY	BaFin	Guideline, Part B.3.6.1. Recording of remedying errors not implemented Amendment of guideline needed	
GREECE		Article 8 paragraph 2 of Law 2396/1996 on "Investment Services in the securities field, capital adequacy of Investment Services Firms and credit institutions and shares' dematerialisation" and Ministerial Decision 6280/B508/17-5-1989 provide for the recording, of executed transactions.	
ICELAND	FME		See general clause regarding FME's Directive Requests.
IRELAND	IFSRA	<u>B&RR Section 4</u> A firm shall ensure that it records..... details of all purchases and sales of investment instruments by the firm distinguishing those which are made by the firm on its own account and those which are made on behalf of clients.	
ITALY	CONSOB	Article 63, paragraph n.1, 2, 3 and 5 of Consob Regulation 11522 <i>(Recording of orders and transactions)</i>	
LUXEMBOURG	CSSF	As the professional shall forward to the client all confirmations and other information regarding transactions, the professional shall record the information as listed in this paragraph 113.	
NETHERLANDS	Ministry of Finance or AFM: deliberations are pending	The following data shall be recorded immediately when an order is executed: The price and the capacity in which the securities institutions has acted for the client, namely as agent or principal (annex 4, art. 4.15 (3) NR2002 A firm must set up procedures relating to the order processing which include the primary recording of orders and the transfer of order tickets	No mention of recording transactions for own account.
NORWAY	Parliament	STA, section 9-7 Regulation 1996/950	
PORTUGAL		Article 59 of the Regulation 12/2000, CMVM	
SPAIN	Ministry of Economy /	COMISIÓN NACIONAL DEL MERCADO DE VALORES CIRCULAR	

	C.N.M.V.	3/1993, DATED 29 DECEMBER, REGARDING THE RECORD OF TRANSACTIONS AND ORDER SUPPORT ARCHIVE. Rule 3. General rules regarding the record of transactions.	.
SWEDEN	Finansinspektionen		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	COB 7.12.3 – 7.12.6 (and see provisions referred to in relation to CESR Rule 93)	Firms must make and keep records of appropriate details after executing transactions for customers or own account transactions. There is no explicit requirement regarding recording error correction, but this is implicit in the general record keeping requirements.
CYPRUS	House of Representatives Cyprus Securities and Exchange Commission	Section 36 of the Investment Firms Laws of 2002-2003 Section 6(7) and Paragraphs 2.1 and 2.2 of Part III of Annex 1 of the Directive on Books and Records to be kept by the Cyprus Investment Firms	
CZECH REPUBLIC	Securities Commission	Section 47 of the Securities Act	
ESTONIA	The EFSA.	Guideline.	
HUNGARY	Parliament	Subsection 1 of Section 120 of CMA	Investment service providers and commodities brokers shall keep records of all dealings on their own account, agency contracts and consignments in sequence, in a uniform system.
LATVIA	FCMC	According to Article 38 of the FCMC Regulations for Conducting Securities Transactions , all orders for transactions shall be entered into a special register.	
LITHUANIA		Not regulated	
MALTA	MFSA	SLC10.06/ 10.20	
POLAND	Parliament for the law Council of Ministers for the decree	There is a draft of a new Polish Law on Public Trading of Securities prepared which includes a delegation for issuing by Council of Ministers the decree concerning inter alia conduct of business rules. The decree is going to expressly establish such obligations.	Polish Securities and Exchange Commission is responsible for drafting and the Council of Ministers for approving 30 September 2003 draft approved by the Council of Ministers whilst its entry into force envisaged for 1 May 2004.
SLOVAKIA			
SLOVENIA	Parliament	SMA-1; A: 172 SMA-1; A: 173	

Rule 114	<i>An investment firm must ensure that once a transaction is executed it is promptly allocated to the account of the relevant customer(s).</i>		
Country	Implementing Authority(ies)	Implementing Measure²⁶	Comments
AUSTRIA	AP	Art 18 ASSA	The allocation of executed orders is guaranteed by the computer based executions systems used by Austrian credit institutions. This

²⁶ Any derogation to the application of the implementing measures should be mentioned.

			rule does not require further implementing measures. Please see 96.
BELGIUM	RD 31 March 2003 on declaration of financial transactions and on record keeping	Prudential requirements (art. 62 L 6 April 1995)	See St. 111
DENMARK	Parliament Danish Financial Supervisory Authority	Financial Business Act, section 71, par. 1, no 1 and no 2 Guidance for investment companies on Financial Business Act, section 15. (The above mentioned rules state that investment firms should have internal business procedures on recording an allocation of orders)	Implemented in general terms
FINLAND	Parliament Rahoitustarkastus	Chapter 4, Section 4, Paragraph 1 of the Securities Markets Act.	General rule, no detailed provisions available yet. The Rahoitustarkastus regulations and guidelines are currently under general restructuring and revision. The need for specifying provisions concerning the conduct of business rules is under discussion in that project. The consultation paper is scheduled to be sent out for consultation in early 2004.
FRANCE	AMF	Article 6-3-5 of the GR of the CMF	
GERMANY	BaFin	Guideline, Part B.3.6.2.	
GREECE		Section 4.3 (a) (b) (c) of the Code of Conduct of Investment Services Firms refers to the allocation of transactions to the accounts of the relevant customers.	
ICELAND	Parliament,	It follows from Art. 10 of the Act on Securities Transactions on the duty to separate assets and financial instruments that speedy allocation and distribution has to take place.	
IRELAND	IFSRA	<u>COC, Section 15</u> As at 97 above.	
ITALY	CONSOB	Article 63, paragraph n.1 and 5 of Consob Regulation 11522 <i>(Recording of orders and transactions)</i>	Consob has already published for consultation a revision of its regulation n. 11522 of 1 July 1998 on investment services in the securities field to clarify the specific obligations arising from the general principles laid down in the provisions at present in force.
LUXEMBOURG	CSSF	As the professional shall act in the best interests of his clients (principle 1 of the circular CSSF 2000/15) and shall ensure that the orders are executed in the best possible way (principle 1.2), the professional shall ensure that once a transaction is executed it is promptly allocated to the account of the relevant customer(s).	
NETHERLANDS	Ministry of Finance or AFM: deliberations are pending	Not implemented	
NORWAY	Parliament ANSC	STA section 9-6 and section 9-7 We also refer to STA section 9-1 par 1 sub 3 which states that the investment firm shall keep financial instruments and funds belonging to the investors separate from the firm's own funds and otherwise take adequate measures to protect the investors' rights and prevent the investment firm's using investors' funds for its	

		own account. Regulation 1996/950 Ethical Norms, article 5-2(2) and 7-1	
PORTUGAL		Article 77/1 of the Regulation 12/2000, CMVM.	
SPAIN	Ministry of Economy / C.N.M.V.	Ministerial Order, dated 25 October 1995, Partially Implementing Royal Decree 629/1993. Section Five "Information on transactions". Article 6	
SWEDEN	Finansinspektionen	Regulation on Conduct of Business Rules (2002:7), Chap 6 Dealing requirements. Section 5 Chap 6 Section 5 explicitly requires investment firms to note the trade in the customers custodian account or equivalent as soon as possible..	
UNITED KINGDOM	FSA	COB 7.12.3 – 7.12.6 A firm must ensure that it promptly records adequate information in relation to the execution of a customer order or an own account transaction. The firm must establish and maintain appropriate procedures to do this.	Firms are required to record appropriate details in their books and records after executing transactions. There is no general explicit requirement to allocate orders (other than aggregated orders). If the firm also provides safeguarding and administration services, it will be subject to additional requirements under the custody rules in COB 9.1. Please see the comments on CESR Standard 56.
CYPRUS	Cyprus Securities and Exchange Commission and the Central Bank of Cyprus	Paragraph 14 of Part I of Annex 8 of the Code of Business Conduct for Investment Firms and the Natural Persons employed by them, Directive 1/2003	
CZECH REPUBLIC	Securities Commission	Section 47b (1) a) of the Securities Act	General rule only
ESTONIA	The EFSA.	Guideline.	
HUNGARY	Parliament	(Methodological Guideline No. 1/2003 of the President of the HFSA)	The allocation of the executed transactions must be terminated without delay but not later than the end of the trading day.
LATVIA	Parliament	Article 125(4) of the Law on the Financial Instruments Market requires that executed transactions be registered and relevant entries in customers' accounts be made immediately.	
LITHUANIA		Not regulated	
MALTA	MFSA		No specific rules on this area. See however, SLC 10.21
POLAND	Parliament for the law Council of Ministers for the decree	There is a draft of a new Polish Law on Public Trading of Securities prepared which includes a delegation for issuing by Council of Ministers the decree concerning inter alia conduct of business rules. The decree is going to expressly establish such obligations.	Polish Securities and Exchange Commission is responsible for drafting and the Council of Ministers for approving 30 September 2003 draft approved by the Council of Ministers whilst its entry into force envisaged for 1 May 2004.
SLOVAKIA	MF FMA	Act No 566/2001 on Securities and Investment Services Article 73	An investment firm is obliged to keep money and securities entrusted by clients in bank accounts and owners accounts separately from bank accounts and owners accounts in which it keeps money and securities constituting its asset.
SLOVENIA	Parliament		Please see under 111 (SMA-1, A: 150 an allocation of securities on clients' accounts)

Standard 112	<i>Where orders for own and customer accounts have been aggregated, the investment firm must not allocate the related trades in any way that is detrimental to any customer. If such an aggregated order is only partially executed, allocation to customers must take priority over allocation to the investment firm.</i>
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Country	Implementing Authority(ies)	Implementing Measure ²⁷	Comments
AUSTRIA	AP	Art 18 ASSA	This standard is covered by provisions of the ASSA and is guaranteed by the computer based executions systems used by Austrian credit institutions. This standard does not require further implementing measures. Please see 96.
BELGIUM	RD 31 March 2003 on declaration of financial transactions and on record keeping	Art. 36, § 1, 5°, L. 6 April 1995	Art. 26, 4° and 9°, L. 2 August 2002 (to come into force) New rules can be enacted by RD on the basis of Art. 26, 17°, L. 2 August 2002
DENMARK	Parliament Danish Financial Supervisory Authority	Financial Business Act, section 71, par 1, no 1 and no 2 Guidance for investment companies on Financial Business Act, section 15. (The above mentioned rules state that investment firms should have internal business procedures on recording an allocation of orders.)	Implemented in general terms
FINLAND	Parliament Rahoitustarkastus	Chapter 4, Section 1 of the Securities Markets Act. Rahoitustarkastus Guideline on Practices to be applied in the Provision of Investment Services (201.7).	General rule, no detailed provisions available yet. The Rahoitustarkastus regulations and guidelines are currently under general restructuring and revision. The need for specifying provisions concerning the conduct of business rules is under discussion in that project. The consultation paper is scheduled to be sent out for consultation in early 2004.
FRANCE	AMF	No specific implementing measure identified, but the general principle of fair treatment of clients is always mandatory.	As noted above no rule exists for this specific situation. It would however be a breach to allocate in a way that would be detrimental to a customer.
GERMANY	BaFin	Guideline, Part B.3.5.	
GREECE		This standard has been implemented in section 9.2 of the Code of Conduct of Investment Services Firms.	
ICELAND	FME		See general clause regarding FME's Directive Requests.
IRELAND	IFSRA	<u>COC, Section 15.1, 15.2</u> As at 97 above. <u>COC, Section 12.1 to 12.2</u> Sections 12.1 & 12.2 deal with Averaging of Prices <u>COC, Section 7.4</u> As at 91 above.	See HISF, COC, page 15
ITALY	CONSOB	Article 21, paragraph n. 1, of Legislative decree n. 58/1998 <i>(General criteria)</i> Article 33, paragraph n. 2 and 3 of Consob Regulation 11522 <i>(Reception and transmission of orders)</i>	Consob has already published for consultation a revision of its regulation n. 11522 of 1 July 1998 on investment services in the securities field to clarify the specific obligations arising from the general principles laid down in the provisions at present in force.
LUXEMBOURG	CSSF	Pursuant to principle 3 on the rules of conduct of the governing	

²⁷ Any derogation to the application of the implementing measures should be mentioned.

		measures of the LSE the stock exchange's member shall refrain from giving priority to the own account orders to the detriment of client orders. Furthermore, the general rule laid down in principle 1.2. of the circular CSSF 2000/15 stating that that the professional shall do it utmost are executed on the best possible terms, the rule laid down in this principle 112 shall be respected by an investment firm.	
NETHERLANDS	Ministry of Finance or AFM: deliberations are pending	A securities firm shall act in the interest of its clients, shall give priority to the interests of clients over its own interests when executing client orders (art. 25 NR 2002)	
NORWAY	Parliament ANSC	STA, section 9-2 It would constitute a breach of rules on good business conduct if the investment firm allocated trades in a way that is detrimental to a customer. Ethical Norms, article 5-2(2) and 7-1	
PORTUGAL		SC art. 328/4	
SPAIN	Ministry of Economy / C.N.M.V.	ROYAL DECREE 629/1993, OF 3 MAY, GOVERNING RULES OF ACTION IN THE SECURITIES MARKETS AND OBLIGATORY RECORD-KEEPING. ANNEX: GENERAL CODE OF CONDUCT FOR THE SECURITIES MARKETS. Article 1. Impartiality and good faith. and Article 6. Conflicts of interest. And LAW 24/1988, 28 th of July, SECURITIES MARKETS ACT, Article 79.	
SWEDEN	Finansinspektionen		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	COB 7.7.9R (Requirement for fair allocation) : The allocation must not give unfair preference to the firm or to any of those for whom it dealt. Firm must give priority to satisfying customer orders if the aggregate total of all orders cannot be satisfied, unless the firm can demonstrate reasonably that without its own participation it would not have been able to execute those orders on such favourable terms or at all. 7.7.11R (Re-allocation) If the order is executed only partially, resulting in an uneconomic allocation to some customers, the firm may undertake a revised allocation of an aggregated order – taking reasonable steps to ensure it is done in the best interests of customers for whom the firm has dealt.	The COB approach might fit within the detriment test in Standard 112 – fairness, priority and favourable terms – but "must take priority" in Standard 112 appears to allow less scope for adapting to circumstances than COB does. However, "best interests" in COB appears to fit with the proportional approach required in Standard 115, second and third sentences.
CYPRUS	Cyprus Securities and Exchange Commission and the Central Bank of Cyprus	Paragraphs 5 and 6 of Part III of Annex 8 of the Code of Business Conduct for Investment Firms and the Natural Persons employed by them, Directive 1/2003	Paragraph 6 of Part III of Annex 8 of the Code allows an exception to the rule only if it can be proved by the Investment Firm that without its participation the transaction could not have taken

			place on such beneficial terms or that it would not have taken place at all. If this exception is not allowed then perhaps the interests of the customers would be otherwise harmed.
CZECH REPUBLIC	Securities Commission	Section 47b (1) g) of the Securities Act Sect. 12 (2) of the Decree by the Czech Securities Commission Stipulating Detailed Organisation Rules for the Internal Operations of Brokerage Houses and Detailed Rules for the Conduct of Brokerage Houses in Relation to Consumers	
ESTONIA	The EFSA.	Guideline.	
HUNGARY	Parliament	Subsection 2 of Section 120 of CMA	Investment service providers and commodities brokers shall keep separate records of transactions performed on their own account from those performed on behalf of clients.
LATVIA	FCMC, RSE	As mentioned above (in item 96), investment service providers may not aggregate orders prior to entering them in the automated trading system of the Riga Stock Exchange.	
LITHUANIA		Not regulated	
MALTA	MFSA	SLC 3.02 (j)/ (k)	
POLAND	Parliament for the law Council of Ministers for the decree	According to current Polish rules there is no possibility of order aggregating. There is only one exemption from this restriction. According to Par. 23.3 of the Decree of the Council of Ministers dated September the 3 rd , 2002, in the matter of the procedures and the conditions to conduct operations for brokerage houses, banks conducting brokerage activities and banks keeping securities accounts, the portfolio manager may issue one order for its customers provided that that order specifies the number of securities bought or sold for each customer and the procedure followed by the brokerage house in case of partial fulfilment of order.	Polish Securities and Exchange Commission is responsible for drafting of the decree
SLOVAKIA	MF FMA	Act No 566/2001 on Securities and Investment Services Article 73	As above.
SLOVENIA	Parliament	SMA-1; A: 149, P:3	SMA-1, A: 149, P:2 In trading for a joint account, an investment firm is not allowed to make deals for its own account and/or for the accounts of those employed with it.

Rule 115	<i>Where an order has been executed in several tranches, the investment firm must inform the customer about the price of execution of each tranche, unless the customer requests an average price. If customer orders have been aggregated and such an aggregated order has been partially executed, the investment firm must allocate the related trade on a proportional basis, unless the firm has a different allocation policy and the customers involved have been informed accordingly prior to the execution. An investment firm must have procedures in place to prevent that reallocation of principal transactions executed along with customers transactions on an aggregated basis give unfair preference to the investment firm or to any of its customers for whom it deals.</i>		
Country	Implementing Authority(ies)	Implementing Measure ²⁸	Comments

²⁸ Any derogation to the application of the implementing measures should be mentioned.

AUSTRIA	AP	Art 18 ASSA	Please see 111. This standard is covered by provisions of the ASSA and is guaranteed by the computer based executions systems used by Austrian credit institutions. This rule does not require further implementing measures. Please see 96.
BELGIUM	RD 31 March 2003 on declaration of financial transactions and on record keeping	See St. 112	See St. 112
DENMARK	The Ministry of Economic and Business Affairs	Executive order on Good Securities Trading Practices, section 11, par. 1, no 8 (The above mentioned rule states that where an order has been executed in tranches, the investment firm must inform customers about the price of execution of each tranche or the average price.)	Derogation: Section 11, par 1 no 8 implements standard 115 partly as section 11 only implements the first sentence in standard 115.
FINLAND	Parliament Rahoitustarkastus	Chapter 4, Section 1 of the Securities Markets Act.	General rule, no detailed provisions available yet. The Rahoitustarkastus regulations and guidelines are currently under general restructuring and revision. The need for specifying provisions concerning the conduct of business rules is under discussion in that project. The consultation paper is scheduled to be sent out for consultation in early 2004.
FRANCE	AMF	No specific implementing measure identified.	No specific provision covers these particular situations.
GERMANY	BaFin	Guideline, Part B.3.6.2. Guideline, Part B.3.5. Amendment of guideline needed	
GREECE		Section 9.2. of the Code of Conduct of Investment Services Firms and the decision of the Minister of Finance with No 6280/B 508/17.5.1989 provide specifically that investment services firms are responsible for accepting order and informing the customer about the price of execution of each tranche.	
ICELAND	FME		See general clause regarding FME's Directive Requests.
IRELAND	IFSRA	<u>COC, Section 12</u> As at 112 above. <u>COC, Section 7.4</u> As at 91 above.	
ITALY	CONSOB	Article 21, paragraph n. 1, of Legislative decree n. 58/1998 <i>(General criteria)</i>	Consob has already published for consultation a revision of its regulation n. 11522 of 1 July 1998 on investment services in the securities field to clarify the specific obligations arising from the general principles laid down in the provisions at present in force.
LUXEMBOURG	CSSF	There are no specific provisions but as the principles laid down in circular CSSF 2000/15 are very broadly written, the rules laid down in principle 115 shall be respected.	
NETHERLANDS	Ministry of Finance or AFM: deliberations are pending	Not implemented	Rules only state that prices at which parts of the order were executed are recorded. No information-requirements
NORWAY	Parliament	STA section 9-1 and 9-2 It is construed that STA section 9-2 provides for information about the price of each tranche.	
PORTUGAL		Article 330/3 and 328/4 of the Portuguese Securities Code.	

SPAIN	Ministry of Economy / C.N.M.V.	ROYAL DECREE 629/1993, OF 3 MAY, GOVERNING RULES OF ACTION IN THE SECURITIES MARKETS AND OBLIGATORY RECORD-KEEPING. ANNEX: GENERAL CODE OF CONDUCT FOR THE SECURITIES MARKETS. Article 1. Impartiality and good faith. and Article 6. Conflicts of interest. and LAW 24/1988, 28 th of July, SECURITIES MARKETS ACT, Article 79.	
SWEDEN	Finansinspektionen		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	Principle 2 (Skill care and diligence) Principle 6 (Customers' interests) Principle 7 (Communications with clients) COB 2.1.3 (Clear, fair and not misleading communications) COB 7.6.4 – 7.6.6 (Achieving timely execution) COB 7.7.9R and 7.7.11 (Requirement for fair allocation) COB 8.1.3 – 8.1.15 (Confirmation of transactions)	Firms are obliged to execute in timely fashion consistent with their obligations under the Principles and general law to act in the interests of their customers. In particular firms are expected to assess the timing of execution of a customer order when a series of partial executions will improve the terms on which the order as a whole is executed. Firms are obliged to provide information about the terms of the transactions executed for the customer, but are subject to an overriding obligation that communications with customers about these matters are to be fair, clear and not misleading. As a matter of general law customers and firms are able to agree by contract what information will be provided. The Handbook does not contain any rules about disaggregation of a customer's order into tranches. For retail customers the possibility is not high. Please see also comments on Standard 112, above, in relation to allocation on a proportional basis and the prevention of unfair preference. COB does not specify that a firm must have procedures in place to prevent unfair preference but does allow for firms to revise an allocation made in error provided the firm records the reason for the re-allocation and completes it within one business day of identification.
CYPRUS	Cyprus Securities and Exchange Commission and the Central Bank of Cyprus	Paragraphs 4, 5 and 6 of Part I, paragraph 2 of Part III and paragraph 1 of Part V of Annex 8 of the Code of Business Conduct for Investment Firms and the Natural Persons employed by them, Directive 1/2003	Paragraph 6 of Part III of Annex 8 of the Code allows an exception to the rule only if it can be proved by the Investment Firm that without its participation the transaction could not have taken place on such beneficial terms or that it would not have taken place at all. If this exception is not allowed then perhaps the interests of the customers would be otherwise harmed.
CZECH REPUBLIC	Securities Commission	Sect. 16 (2) e), sect. 12 (2) e) 3. of the Decree by the Czech Securities Commission Stipulating Detailed Organisation Rules for the Internal Operations of Brokerage Houses and Detailed Rules for the Conduct of Brokerage Houses in Relation to Consumers	
ESTONIA	The EFSA.	Guideline.	

HUNGARY	Parliament	(Subsections (4) and (5) of Section 121 of CMA)	Under a consignment contract, the investment service provider or the commodities broker may conclude the transaction for its own account, or converged with other transaction or broken up into segments, only upon the client's express consent. Investment service providers and commodities brokers must conclude transactions that are similar in nature in the sequence of arrival, and, if transactions are similar in nature, they shall conclude those made on behalf of clients before those made on their own account. The requirement to complete transactions in the sequence of arrival shall not apply to transactions in which the client waives his rights and instructs the service provider to carry out the transaction in consecutive segments.
LATVIA	FCMC	According to Article 2.2.2. of the FCMC Regulations for Conducting Securities Transactions , the receipt and transmission of information related to servicing of clients' accounts and securities transactions, means and timing of provision of such information shall be mentioned in the agreement between the client and investment services provider.	
LITHUANIA		Not regulated	
MALTA	MFSA		Not specifically catered for. SLC 8.07(e) only requires a contract note to contain "the date and, either the time of the transaction or a statement that the time of the transaction will be supplied on request. Where a series of transactions is treated as one transaction, the contract note need not state the time of the transaction or that a statement of it is available upon request - but must state the weighted average price paid in all of the transactions in the series;"
POLAND	Parliament for the law Council of Ministers for the decree	There is a draft of a new Polish Law on Public Trading of Securities prepared which includes a delegation for issuing by Council of Ministers the decree concerning inter alia conduct of business rules. The decree is going to expressly establish an obligation of informing the client about the prices of every tranche. According to current Polish rules there is no possibility of order aggregating. There is only one exemption from this restriction. According to Par. 23.3 of the Decree of the Council of Ministers dated September the 3 rd , 2002, in the matter of the procedures and the conditions to conduct operations for brokerage houses, banks conducting brokerage activities and banks keeping securities accounts, the portfolio manager may issue one order for its customers provided that that order specifies the number of securities bought or sold for each customer and the procedure followed by the brokerage house in case of partial fulfilment of order.	Polish Securities and Exchange Commission is responsible for drafting and the Council of Ministers for approving 30 September 2003 draft approved by the Council of Ministers whilst its entry into force envisaged for 1 May 2004.
SLOVAKIA	MF FMA	Act No 566/2001 on Securities and Investment Services Article 73	As above.
SLOVENIA		Statement of all transactions executed for a client has to show each individual transaction, even if the whole order is executed in	

		tranches. There is no requirement for an average price. The customer receives information on all tranches with different prices and the sum that must be paid for the order. As regards aggregated order please refer to the points in the table where there the law provisions on the execution of a joint order are defined.	
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