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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/02-098B)
PART II - COUNTERPARTY RELATIONSHIP

C. CORE STANDARDS FOR THE “COUNTERPARTY RELATIONSHIP”1. The “counterparty relationship”

Paragraph 1	<p><i>A « counterparty relationship » is typical of trading between investment firms and banks within themselves or with other entities which are not holding themselves out as providers of investment services but are market participants directly active in the financial market for proprietary trading. It is characterised by the absence of a “client relationship” (i.e. without any provision of service). In particular, it covers the following situations:</i></p> <ul style="list-style-type: none"> - <i>transactions executed in regulated markets or other trading venues (which do not give rise to any provision of investment service to the customer) between any member admitted to trade in these markets;</i> - <i>transactions executed directly (over-the-counter) between investment firms or credit institutions, authorised to provide the service of dealing, and dealing either as principal or as agent;</i> - <i>transactions executed directly (over-the-counter) between investment firms or credit institutions and other authorised or regulated financial intermediaries, including non-ISD firms, such as commodity dealers, insurance companies, but not including collective investment schemes and management companies of such schemes, pension funds and management companies of such funds.</i> 		
Country	Implementing Authority(ies)	Implementing Measure ⁴	Comments
AUSTRIA			
BELGIUM			<p>“At present, no “counterparty relationship” regime is applicable in Belgium.</p> <p>However, Article 28, § 1, 4° of the Law of 2 August 2002 (to come into force later) enables the King to determine to what extent the conduct of business rules provided for in Articles 26 and 27 of this law apply to qualified intermediaries that trade financial instruments for own account with <u>professional counterparties</u> designated by the King. The explanatory memorandum of the government relating to this legal provision makes it clear that the introduction of the concept “counterparty” echoes the CESR Investor Protection standards.</p> <p>No Royal Decree on the basis of the new legal provision has yet been taken.</p> <p>In this respect, one must note that Article 28, § 2 of the Law of 2</p>

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

			Augustus 2002 provides that when the King determines the date of the entry into force of the provisions of Articles 26 and 27 or takes steps for the implementation of those provisions, He takes account of the status of harmonisation of the rules of conduct”
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	No provisions available	Definition of counterparty regime is not available in current legislation. Rahoitustarkastus has been in dialogue with the Ministry of Finance in implementing the CESR standards in this respect. Currently the Ministry of Finance is concentrating on negotiations of the new ISD proposal and is therefore not giving a new project in this sector a preference.
FRANCE			
GERMANY		counterparty regime will be implemented once revised ISD is issued	Currently: Basically, rules of conduct are applicable to professional customers, but the professional nature of the customer can be taken into account See Section 31 par. 2 WpHG (“if so requested”)
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 CESR Standards on Investor Protection. We expect the final outcome of this work to be available at the beginning of 2004.
ICELAND	Parliament		This following comment applies to the whole chapter on the “Counterparty Relationship”: No “Counterparty Regime” has been set up under Icelandic law. The ministry of commerce is responsible for preparing bills of law proposing changes to securities regulation. In mid year 2004 the FME will present to the ministry of commerce a list of recommended changes to law it considers necessary to implement the CESR standards on investor protection. The implementation process will after that not be in the hands of the FME and therefore no estimated time of implementation can be given.
IRELAND	IFSRA	Professional Regime Applies, approved on a case-by-case basis	
ITALY	CONSOB	Article 31 of Consob Regulation 11522/1998 <i>(Relationships between intermediaries and special categories of investor)</i>	Transactions entered into on a regulated market or another trading venue between professional investors within the meaning of Article 31 of Consob regulation 11522/1998, do not entail any “client relationship”. OTC transactions entered into between professional investors are subject to a limited set of conduct of business rules, as provided for under Article 31, paragraph 1. of Consob regulation 11522/1998. A specific “counterparty regime” for OTC transactions will be considered by Consob in the near future.
LUXEMBOURG		No specific rules	
NETHERLANDS	Ministry of Finance or AFM: deliberations are pending	uncertain: depending on outcome of deliberations with ministry of finance	no legislative authority for AFM

NORWAY ⁵	Parliament	No such provisions	
PORTUGAL			Implementation proposals currently in study
SPAIN			This standard is not implemented in the Spanish regulation
SWEDEN	Finansinspektionen	-	No specific laws or regulations are implemented on the counterparty regime. A certain flexibility is present in the regulation on information from/to customers, It is allowed for the firm to adapt this information according to the nature of the customer. 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	MAR 3	The scope of the inter-professional code is significantly wider than the scope of the CESR counterparty regime: <ul style="list-style-type: none"> it applies to execution of orders on behalf of clients, reception and transmission of orders and other arranging and related advice; under the rules concerning the classification of another firm or an overseas financial services institution in COB 4.1.7R (2), the reputable presumption within the scope of the inter-professional code is that a firm or an overseas financial services institution is an MCP. The FSA's equivalent to the core standards for the "counterparty relationship" is the inter-professional code, which applies to "inter-professional business". Broadly speaking, inter-professional business relates to: <ul style="list-style-type: none"> dealing on own account; execution of orders on behalf of clients; receiving and transmitting orders or otherwise arranging transactions; giving advice in connection with any of the above activities or agreeing to do so, PROVIDED THAT: <ul style="list-style-type: none"> such activities relate to financial instruments that, broadly speaking, fall within paragraphs 1(a), 2, 3, 4, 5 or 6 of Schedule B of the Annex to the ISD; and the firm's client is a market counterparty. See the comments on paragraph 10 of section D below for a discussion of the provisions concerning the classification of customers as MCPs or intermediate customers.
CYPRUS			Counterparties are not differentiated from professional customers. The provisions applicable to professional investors would apply

⁵ The same rules and regulations that apply for the retail- and professional regime also apply to the "counterparty relationship".

			mutatis mutandis to the counterparty relationship
CZECH REPUBLIC			There is no special regime for the “counterparty relationship” in the Czech law.
ESTONIA		Not implemented	
HUNGARY		There is an overlap between the Hungarian “professional regime” and the “counterparty regime” as defined by CESR standards. See comments for paragraph 10 a) of Part D (Criteria for defining professional investors)	
LATVIA			
LITHUANIA			There is no special “counterparty relationship” regime; the same standards as for retail market apply hereto.
MALTA			There are no rules regulating Counterparty relationship trading.
POLAND		The PSEC is now discussing possible method and form for the implementation of the mentioned standard.	
SLOVAKIA			Current legislation on securities and investment services in Slovakia has not defined counterparty relationship yet.
SLOVENIA		Not implemented.	

Paragraph 2	<i>CESR Members are free to allow companies to be treated as “counterparties” and to define the appropriate quantitative thresholds. In case of cross-border business, if the company is located in a jurisdiction where the “counterparty regime” is not applicable to companies, the professional regime will apply to that relationship.</i>		
Country	Implementing Authority(ies)	Implementing Measure⁶	Comments
AUSTRIA			
BELGIUM			See comments at Par. 1
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	No provisions available	There are no legal restrictions for the counterparty trade as such. The Professional regime is applied. Definition of counterparty regime is not available in current legislation. Rahoitustarkastus has been in a dialogue with the Ministry of Finance in implementing the CESR standards in this respect. Currently the Ministry of Finance is concentrating on negotiations of the new ISD proposal and is therefore not giving a new project in this sector a preference.
FRANCE			
GERMANY			
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 CESR Standards on Investor Protection. We expect the final outcome of this work to be available at the beginning of 2004.

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

ICELAND	Parliament		See par. 1.
IRELAND	IFSRA	Professional Regime Applies, approved on a case-by-case basis	
ITALY	CONSOB	Article 31, paragraph 2, of Consob Regulation 11522/1998 <i>(Relationships between intermediaries and special categories of investor)</i>	
LUXEMBOURG		No specific rules	
NETHERLANDS	Ministry of Finance or AFM: deliberations are pending	uncertain: depending on outcome of deliberations with ministry of finance	no legislative authority for AFM
NORWAY	Parliament	No such provisions	
PORTUGAL			Implementation proposals currently in study
SPAIN			This standard is not implemented in the Spanish regulation
SWEDEN			See par. 1.
UNITED KINGDOM			There is no such agreement requirement under the FSA Handbook.
CYPRUS			Counterparties are not differentiated from professional customers. The provisions applicable to professional investors would apply mutatis mutandis to the counterparty relationship
CZECH REPUBLIC			There is no special regime for the “counterparty relationship” in the Czech law.
ESTONIA		Not implemented	
HUNGARY			See par. 1.
LATVIA			
LITHUANIA			See par. 1.
MALTA			There are no rules regulating Counterparty relationship trading.
POLAND		The PSEC is now discussing possible method and form for the implementation of the mentioned standard.	
SLOVAKIA			See par. 1.
SLOVENIA		N.A.	

Paragraph 3	<i>Transactions entered into by these entities and effected through the offices of an authorised intermediary would be, by default, subject to the « professional regime ». Only those transactions undertaken by these entities for which they are direct “counterparties” and for which a specific choice to enter into a “counterparty relationship” has been made, are liable to operate subject to such a regime.</i>		
Country	Implementing Authority(ies)	Implementing Measure⁷	Comments
AUSTRIA			
BELGIUM			See comments at Par. 1
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	No provisions available	There are no legal restrictions for the counterparty trade as such.

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

			The Professional regime is applied. Definition of counterparty regime is not available in current legislation. Rahoitustarkastus has been in a dialogue with the Ministry of Finance in implementing the CESR standards in this respect. Currently the Ministry of Finance is concentrating on negotiations of the new ISD proposal and is therefore not giving a new project in this sector a preference.
FRANCE			
GERMANY			
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 CESR Standards on Investor Protection. We expect the final outcome of this work to be available at the beginning of 2004.
ICELAND	Parliament		See par. 1.
IRELAND	IFSRA	Professional Regime Applies, approved on a case-by-case basis	
ITALY	CONSOB	Article 31 of Consob Regulation 11522/1998 <i>(Relationships between intermediaries and special categories of investor)</i>	Transactions entered into on a regulated market or another trading venue between professional investors within the meaning of Article 31 of Consob regulation 11522/1998, do not entail any “client relationship”. OTC transactions entered into between professional investors are subject to a limited set of conduct of business rules, as provided for under Article 31, paragraph 1. of Consob regulation 11522/1998. A specific counterparty regime for OTC transactions will be considered by Consob in the near future.
LUXEMBOURG		No specific rules	
NETHERLANDS	Ministry of Finance or AFM: deliberations are pending	uncertain: depending on outcome of deliberations with ministry of finance	no legislative authority for AFM
NORWAY	Parliament	No such provisions	
PORTUGAL			Implementation proposals currently in study
SPAIN			This standard is not implemented in the Spanish regulation
SWEDEN			See par. 1.
UNITED KINGDOM			
CYPRUS			Counterparties are not differentiated from professional customers. The provisions applicable to professional investors would apply mutatis mutandis to the counterparty relationship
CZECH REPUBLIC			There is no special regime for the “counterparty relationship” in the Czech law.
ESTONIA		Not implemented.	
HUNGARY			See par. 1.
LATVIA			
LITHUANIA			See par. 1.
MALTA			There are no rules regulating Counterparty relationship trading.
POLAND		The PSEC is now discussing possible method and form for the implementation of the mentioned standard.	
SLOVAKIA			See par. 1.

SLOVENIA		Not implemented.	
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Paragraph 4			
<i>The entities meeting one of the above mentioned criteria and willing to enter into a « counterparty relationship » have to reciprocally confirm in the contract that the transaction is executed under a « counterparty relationship ». This confirmation may be given in master agreements, where applicable to a series of transactions of the same nature.</i>			
Country	Implementing Authority(ies)	Implementing Measure ⁸	Comments
AUSTRIA			
BELGIUM			See comments at Par. 1
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	No provisions available	No requirement for a written contract. Rahoitustarkastus has been in a dialogue with the Ministry of Finance in implementing the CESR standards in this respect. Currently the Ministry of Finance is concentrating on negotiations of the new ISD proposal and is therefore not giving a new project in this sector a preference.
FRANCE			
GERMANY			
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 CESR Standards on Investor Protection. We expect the final outcome of this work to be available at the beginning of 2004.
ICELAND	Parliament		See par. 1.
IRELAND	IFSRA	Professional Regime Applies, approved on a case-by-case basis	
ITALY	CONSOB		A specific provision requiring counterparties to confirm to each other the regime applying to these transactions will be considered by Consob in the near future.
LUXEMBOURG		No specific rules	
NETHERLANDS	Ministry of Finance or AFM: deliberations are pending	uncertain: depending on outcome of deliberations with ministry of finance	no legislative authority for AFM
NORWAY	Parliament	No such provisions	
PORTUGAL			Implementation proposals currently in study
SPAIN			This standard is not implemented in the Spanish regulation
SWEDEN			See par. 1.
UNITED KINGDOM			There is no such agreement requirement under the FSA Handbook.
CYPRUS			Counterparties are not differentiated from professional customers. The provisions applicable to professional investors would apply mutatis mutandis to the counterparty relationship

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

CZECH REPUBLIC			There is no special regime for the “counterparty relationship” in the Czech law.
ESTONIA		Not implemented.	
HUNGARY			See par. 1.
LATVIA			
LITHUANIA			See par. 1.
MALTA			There are no rules regulating Counterparty relationship trading.
POLAND		The PSEC is now discussing possible method and form for the implementation of the mentioned standard.	
SLOVAKIA			See par. 1.
SLOVENIA		Not implemented.	

1. The “counterparty regime”

Para. 5 indent 1	The firm must at all times act honestly, fairly and professionally in accordance with the integrity of the market.		
Country	Implementing Authority(ies)	Implementing Measure⁹	Comments
AUSTRIA			
BELGIUM			See comments at Par. 1
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	No provisions available	Definition of counterparty regime is not available in current legislation. Rahoitustarkastus has been in dialogue with the Ministry of Finance in implementing the CESR standards in this respect. Currently the Ministry of Finance is concentrating on negotiations of the new ISD proposal and is therefore not giving a new project in this sector a preference.
FRANCE			
GERMANY			
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 CESR Standards on Investor Protection. We expect the final outcome of this work to be available at the beginning of 2004.
ICELAND	Parliament		See par. 1.
IRELAND	IFSRA	<u>COC, Section 1</u> As at 1, Part A above.	
ITALY	CONSOB	Article 21, paragraph n. 1, of Legislative decree n. 58/1998 <i>(General criteria)</i> Article 26, paragraph n. 1, b) of Consob Regulation 11522	

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

<i>(General rules of conduct)</i>			
LUXEMBOURG	CSSF	See1, part 1 (standards and rules of general application)	As the circular CSSF 2000/15 is applicable as well as in case of private clients as in case of institutional investors, an investment firm shall comply with the circular CSSF 2000/15 and thus with the different principles laid down in this CESR document. The circular CSSF 2000/15 has fully implemented into Luxembourg legislation the categorisation of investors as laid down in the FESCO document “Implementation of Article 11 of the ISD: Categorisation of Investors for the Purpose of Conduct of Business rules” published by the FESCO in March 2000. The institutional will often not require the full protection of conduct of business rules. As there are no specific rules concerning the execution of orders given by professional investors, one can thus refer to our answers given to the principles above.
NETHERLANDS	Ministry of Finance or AFM: deliberations are pending	uncertain: depending on outcome of deliberations with ministry of finance	no legislative authority for AFM
NORWAY	Parliament	STA, section 9-2 para 1	
PORTUGAL		SC article 304 ss	
SPAIN	Ministry of Economy/CNMV	This standard is not implemented in the Spanish regulation as a specific category, it is implemented as a general rule in Law 24/19888 Security Markets Act Art 79, a, c, f and the Royal Degree 629/1993 of 3 May governing rules of action in the securities markets and obligatory record-keeping. Annex. Art 1.Imparitality and good faith and Art 2 Care and diligence	
SWEDEN	Finansinspektionen	The Securities Business Act (1991:981), Chap 1 Section 7 See A 1	No specific laws or regulations are implemented on the counterparty regime.
UNITED KINGDOM	FSA	Principle 1 (Integrity) provides that a firm must conduct its business with integrity. Principle 2 (Skill, care and diligence) provides that a firm must conduct its business with due skill, care and diligence. Principle 5 (Market Conduct) provides that a firm must observe proper standards of market conduct.	
CYPRUS	House of Representatives Cyprus Securities and Exchange Commission and the Central Bank of Cyprus	Section 40(1)(b) of the Investment Firms Laws of 2002-2003 Sections 6 and 7 of the Code of Business Conduct for Investment Firms and the Natural Persons employed by them, Directive 1/2003	
CZECH REPUBLIC			There is no special regime for the “counterparty relationship” in the Czech law.
ESTONIA		Not implemented.	There are no specific regulations about counterparty regime.
HUNGARY		See comments for paragraph 1 (‘retail regime’)	
LATVIA			
LITHUANIA			See par. 1
MALTA			There are no rules regulating Counterparty relationship trading.
POLAND	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	Polish Securities and Exchange Commission is responsible for drafting and the Council of Ministers for approving

		Ministers the decree concerning inter alia conduct of business rules. The decree is going to expressly establish such obligations.	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	All financial companies and markets participants are obliged to respect standards listed on this page and standard 10a.
SLOVENIA		Not implemented.	

Para. 5 indent 2			
<i>The firm must have and must employ effectively the resources and procedures that are necessary for the proper performance of its business activities.</i>			
Country	Implementing Authority(ies)	Implementing Measure¹⁰	Comments
AUSTRIA			
BELGIUM			See comments at Par. 1
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	No provisions available	Definition of counterparty regime is not available in current legislation. Rahoitustarkastus has been in dialogue with the Ministry of Finance in implementing the CESR standards in this respect. Currently the Ministry of Finance is concentrating on negotiations of the new ISD proposal and is therefore not giving a new project in this sector a preference.
FRANCE			
GERMANY			
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 CESR Standards on Investor Protection. We expect the final outcome of this work to be available at the beginning of 2004.
ICELAND	Parliament		See par. 1
IRELAND	IFSRA	GS&RR, Section 2 As at 2, Part A above.	
ITALY	CONSOB	Article 21, paragraph n. 1, d) of Legislative decree n. 58/1998 <i>(General criteria)</i>	
LUXEMBOURG	CSSF	See 2, part 1 (standards and rules of general application)	
NETHERLANDS	Ministry of Finance or AFM: deliberations are pending	uncertain: depending on outcome of deliberations with ministry of finance	
NORWAY	Parliament	STA, section 9-2 para 1 No. 3 (word-by-word implementing of the standard)	
PORTUGAL		SC articles 304 and 305	
SPAIN	Ministry of Economy/CNMV	This standard is not implemented in the Spanish regulation as a specific category, it is implemented as a general rule in Law 24/1988 Security Markets Act Art 79, d and the Royal Degree	

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

		629/1993 of 3 May governing rules of action in the securities markets and obligatory record-keeping, Annex. Art 1.Imparitality and good faith and Art 2 Care and diligence Art 3 Resources and capacities	
SWEDEN	Finansinspektionen	The Securities Business Act (1991:981), Chap 1 Section 7 See A 2	No specific laws or regulations are implemented on the counterparty regime.
UNITED KINGDOM	FSA	SYSC 3.1.1R (Systems and Controls) provides that firms must take reasonable care to establish and maintain appropriate systems and controls given the nature, scale and complexity of business. Para 4 of schedule 6 to FSMA (Adequate resources) provides that one of the threshold conditions for authorisation of a firm is that the resources of the firm must, in the opinion of the FSA, be adequate in relation to the investment services that the firm seeks to perform. Principle 4 (Financial prudence) provides that a firm must have adequate financial resources. SYSC 3.2 (Areas covered by systems and controls) incl. business continuity (at SYSC 3.2.19G). SYSC 3.2.19G indicates that firms should have arrangements to function and to meet regulatory obligations in event of unforeseen interruption and update these regularly and test their effectiveness.	
CYPRUS	House of Representatives Cyprus Securities and Exchange Commission Cyprus Securities and Exchange Commission and the Central Bank of Cyprus	Section 40(1)(c) of the Investment Firms Laws of 2002-2003 Paragraph 8.3 of Annex 1 of the Conditions for granting an authorisation to Cypriot Investment Firms, Directive 1/2002 Section 7 and Annex 3 of the Code of Business Conduct for Investment Firms and the Natural Persons employed by them, Directive 1/2003	
CZECH REPUBLIC			There is no special regime for the “counterparty relationship” in the Czech law.
ESTONIA		Not implemented.	
HUNGARY		See comments for paragraph 2 (‘retail regime’)	
LATVIA			
LITHUANIA			See par. 1.
MALTA			There are no rules regulating Counterparty relationship trading.
POLAND	Council of Ministers for enacting Parliament for the law	According to the Decree of the Council of Ministers dated April 15 th 2002 on Determining the Technical and Organizational Conditions Required of Certain Entities to Conduct Brokerage Activity and of Banks to Keep Securities Accounts, the IT systems processing data of the brokerage house shall be separated or secured in such a manner as to prevent unauthorized persons from accessing the data. The IT devices and systems of the brokerage house shall be secured against loss of data caused by power supply failure, other failures or interferences as well as other fortuitous events. In order to ensure continuous service and work of its IT systems, the brokerage house shall create, at least once a day, a	Polish Securities and Exchange Commission is responsible for drafting

		<p>backup copy of its database in order to enable data recovery and resumption of work of IT systems in case of failure and loss part or all data in the basic databases.</p> <p>The brokerage house is also obliged to guarantee that the premises where brokerage activity is conducted are secured against uncontrolled access by unauthorized persons, the premises where service of customers of the brokerage house is conducted are separated in a manner preventing the customers of the brokerage house from uncontrolled access to the remaining premises of the brokerage house. The brokerage house is also obliged to ensure technical and organizational conditions enabling orders to be placed in a confidential manner. The brokerage house is obliged to apply organizational principles which guarantee security of customer service and of the documents and data in storage.</p> <p>(Par. 3.1, Par. 3.4, Par. 3.5. Par. 5.4)</p> <p>The brokerage house shall keep a procedures book, containing procedures connected with the conducted activity, which are currently in force in the brokerage house. (Par. 15)</p> <p>According to Art. 40.2 of The Law on Public Trading of Securities the entity applying for the permit for conducting brokerage activities must provide PSEC with organisational procedure, internal control procedure, protecting of confidential information procedure. Every change of those procedures must be notified to PSEC.</p>	
SLOVAKIA	MF FMA	Act No 566/2001 on Securities and Investment Services Article 71	
SLOVENIA		Not implemented.	

Para. 5 indent 3			
<i>The firm must establish an independent compliance function, aimed at ensuring that its directors, partners, employees and agents behave in accordance with the integrity of the market.</i>			
Country	Implementing Authority(ies)	Implementing Measure ¹¹	Comments
AUSTRIA			
BELGIUM			See comments at Par. 1
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	No provisions available	Definition of counterparty regime is not available in current legislation. Rahoitustarkastus has been in dialogue with the Ministry of Finance in implementing the CESR standards in this respect. Currently the Ministry of Finance is concentrating on negotiations of the new ISD proposal and is therefore not giving a new project in this sector a preference.

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

FRANCE			
GERMANY			
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 CESR Standards on Investor Protection. We expect the final outcome of this work to be available at the beginning of 2004.
ICELAND	Parliament		See par. 1
IRELAND	IFSRA	<u>GS&RR, Section 2.5</u> As at 9, Part A above.	
ITALY	CONSOB	Article 21, paragraph n. 1, d) of Legislative decree n. 58/1998 <i>(General criteria)</i> ○○○ Article 57, paragraph n. 1 of Consob Regulation 11522 <i>(Internal controls)</i>	
LUXEMBOURG	CSSF	See 7 and 9, B conduct of business for the “professional regime”, 1.3 (compliance and code of conduct)	
NETHERLANDS	Ministry of Finance or AFM: deliberations are pending	uncertain: depending on outcome of deliberations with ministry of finance	
NORWAY	Parliament	STA, section 9-1 para 1 No. 1 and 2	
PORTUGAL		SC article 304 ss and 311	
SPAIN	Ministry of Economy/CNMV	This standard is not implemented in the Spanish regulation as a specific category, it is implemented as a general rule in the Royal Degree 629/1993 of 3 May governing rules of action in the securities markets and obligatory record-keeping. Annex. Art 3 Resources and capabilities	
SWEDEN	Finansinspektionen	Regulation on Conduct of Business rules (2002:7), Chap 3 Section 1 (independent compliance function). See A 9	No specific laws or regulations are implemented on the counterparty regime.
UNITED KINGDOM	FSA	Principle 5 (Market Conduct) provides that a firm must observe proper standards of market conduct. SYSC 3.2.6R & 3.2.7G (Compliance) SYSC 3.2.6R provides that firm must take reasonable care to establish and maintain effective systems and controls for compliance with applicable regulatory requirements and standards. SYSC 3.2.7G indicates that it may be appropriate to have a separate compliance function, depending on nature, scale and complexity of the business. The organisation and responsibilities of a compliance function should be documented.	There is no express requirement in the FSA Handbook to maintain an “internal code of conduct”. An “independent compliance function” is not required by the FSA Handbook in all circumstances. Much depends on the nature, scale and complexity of the business in question A company acts through its directors and employees and a partnership acts through its partners or employees. The systems and controls will therefore need to relate to these individuals.
CYPRUS	Cyprus Securities and Exchange Commission	Section 4(1) and Paragraph 2.2 and Chapter 3 of Annex 1 of the Conditions for Granting an authorisation to Cypriot Investment Firms, Directive 1/2002	

CZECH REPUBLIC			There is no special regime for the “counterparty relationship” in the Czech law.
ESTONIA		Not implemented.	
HUNGARY		See comments for paragraph 7 (‘retail regime’)	
LATVIA			
LITHUANIA			See par. 1
MALTA			There are no rules regulating Counterparty relationship trading.
POLAND	Council of Ministers for enacting	<p>According to Art. 40.2 of The Law on Public Trading of Securities the entity applying for the permit for conducting brokerage activities must provide PSEC with organisational procedure, internal control procedure, protecting of confidential information procedure. Every change of those procedures must be notified to PSEC.</p> <p>According to the Decree of the Council of Ministers dated April 15th 2002 on Determining the Technical and Organizational Conditions Required of Certain Entities to Conduct Brokerage Activity and of Banks to Keep Securities Accounts, the brokerage house shall separate in its organizational structure an internal supervision unit and ensure appropriate autonomy of the said unit so as to enable it to discharge its duties properly. Where it is justified by the volume of activity conducted by the brokerage house and where it does not jeopardize the security of trading or interests of participants in trading, internal supervision may be exercised by an independent supervision inspector working alone. The brokerage house shall also keep a procedures book, containing procedures connected with the conducted activity, which are currently in force in the brokerage house. (Par. 10)</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 all the issues related to that matter.</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	
SLOVENIA		Not implemented.	

Para. 5 indent 4	<i>Executive directors/senior management must take reasonable measures to ensure that the firm establishes and implements adequate compliance policies and procedures.</i>		
Country	Implementing Authority(ies)	Implementing Measure¹²	Comments
AUSTRIA			
BELGIUM			See comments at Par. 1

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

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	No provisions available	Definition of counterparty regime is not available in current legislation. Rahoitustarkastus has been in dialogue with the Ministry of Finance in implementing the CCSR standards in this respect. Currently the Ministry of Finance is concentrating on negotiations of the new ISD proposal and is therefore not giving a new project in this sector a preference.
FRANCE			
GERMANY			
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 2004.
ICELAND	Parliament		See par. 1.
IRELAND	IFSRA	<u>GS&RR, Section 2.5</u> As at 9, Part A above.	
ITALY	CONSOB	Article 21, paragraph n. 1, d) of Legislative decree n. 58/1998 <i>(General criteria)</i>	
LUXEMBOURG	CSSF	See par. 5 indent 3	
NETHERLANDS	Ministry of Finance or AFM: deliberations are pending	uncertain: depending on outcome of deliberations with ministry of finance	no legislative authority for AFM
NORWAY	Parliament	STA, section 9-1 para 1 No. 1 and 2	
PORTUGAL		SC article 304 and 305	
SPAIN	Ministry of Economy/CNMV	This standard is not implemented in the Spanish regulation as a specific category, it is implemented as a general rule in the Royal Degree 629/1993 of 3 May governing rules of action in the securities markets and obligatory record-keeping. Annex. Art 3 Resources and capabilities	
SWEDEN	Finansinspektionen	Regulation on Ethical rules for entities under supervision (1998:22) (internal code of conduct) See A 9	No specific laws or regulations are implemented on the counterparty regime..
UNITED KINGDOM	FSA	Statement of principle 7 for approved persons provides that an approved person performing a significant influence function must take reasonable steps to ensure that the business of the firm for which he is responsible in his controlled function complies with the relevant requirements and standards of the regulatory system.	See the comments in relation to the previous paragraph. Significant influence functions include executive directors and senior management below board level where the firm is of sufficient size. SYSC 3.2.8R (Compliance) requires an investment firm to allocate to a director or a senior manager the function of having responsibility for the oversight of the firm's compliance. However, for the purpose of this rule, "compliance" means compliance with conduct of business rules and with rules governing the operation of regulated collective investment schemes, where relevant. Therefore, this provision does not cover

			compliance with all of the standards.
CYPRUS	Cyprus Securities and Exchange Commission	Section 4(1) and Paragraph 2.2 and Chapter 3 of Annex 1 of the Conditions for Granting an authorisation to Cypriot Investment Firms, Directive 1/2002	
CZECH REPUBLIC			There is no special regime for the “counterparty relationship” in the Czech law.
ESTONIA		Not implemented.	
HUNGARY		See comments for paragraph 9 (‘retail regime’)	
LATVIA			
LITHUANIA			See par. 1.
MALTA			There are no rules regulating Counterparty relationship trading.
POLAND	Parliament for enacting Council of Ministers for Decree	According to Art. 40.2 of The Law on Public Trading of Securities the entity applying for the permit for conducting brokerage activities must provide PSEC with organisational procedure, internal control procedure, protecting of confidential information procedure. Every change of those procedures must be notified to PSEC. There is also a draft of a new Polish Law on Public Trading of Securities prepared under which the Decree of the Council of Ministers dated April 15 th 2002 on Determining the Technical and Organizational Conditions Required of Certain Entities to Conduct Brokerage Activity and of Banks to Keep Securities Accounts will be changed. The changes will concern inter alia that matter.	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 71	
SLOVENIA		Not implemented.	

Para. 5 indent 5			
<i>The firm must be able to demonstrate that it has not acted in breach of standards of market integrity and that its organisation, policies and procedures facilitate such compliance.</i>			
Country	Implementing Authority(ies)	Implementing Measure¹³	Comments
AUSTRIA			
BELGIUM			See comments at Par. 1
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	No provisions available	Definition of counterparty regime is not available in current legislation. Rahoitustarkastus has been in dialogue with the Ministry of Finance in implementing the CESR standards in this respect. Currently the Ministry of Finance is concentrating on negotiations of the new ISD proposal and is therefore not giving a new project in this sector a preference.

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

FRANCE			
GERMANY			
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 CESR Standards on Investor Protection. We expect the final outcome of this work to be available at the beginning of 2004.
ICELAND	Parliament		See par. 1.
IRELAND	IFSRA	<u>GS&RR, Section 2.3</u> As at 2, Part A above.	
ITALY	CONSOB	Article 56, paragraph n. 2, of Consob Regulation 11522 <i>(Internal procedures)</i> ○○○ Article 58, paragraph n. 1, b) of Consob Regulation 11522 <i>(Internal code of conduct)</i>	
LUXEMBOURG	CSSF	See par. 5 indent 3	
NETHERLANDS	Ministry of Finance or AFM: deliberations are pending	uncertain: depending on outcome of deliberations with ministry of finance	no legislative authority for AFM
NORWAY	Parliament	STA, section 9-1 It is a continuous obligation to have policies and procedures that facilitate compliance with standards of market integrity, and this is a prerequisite for maintaining the license.	
PORTUGAL		SC article 304 and 311	
SPAIN	Ministry of Economy/CNMV	This standard is not implemented in the Spanish regulation as a specific category, it is implemented as a general rule in the Royal Degree 629/1993 of 3 May governing rules of action in the securities markets and obligatory record-keeping. Annex. Art 3 Resources and capabilities	The implementing measure does not mention that the investment firm must demonstrate that it has not acted in the breach of the conduct of business rules
SWEDEN	Finansinspektionen	General guidelines on management and internal control (1999:12) See A 10	No specific laws or regulations are implemented on the counterparty regime..
UNITED KINGDOM	FSA	Principle 5 (Market Conduct) provides that a firm must observe proper standards of market conduct.	
		SYSC 3.2.6R (Compliance) requires a firm to take reasonable care to establish and maintain effective systems and controls for compliance with applicable regulatory requirements and standards.	There is no reversal of the burden of proof.
		SYSC 3.2.20R (Records) requires a firm to take reasonable care to make and retain adequate records of matters and dealings (including accounting records) which are the subject of requirements and standards under the regulatory system, which is broadly defined to include the conduct of business rules).	The record keeping required does not extend to requiring reversal of the burden of proof as regards COB compliance.
CYPRUS	Cyprus Securities and Exchange Commission	Paragraph 3.6 of Annex 1 of the Conditions for Granting an Authorisation to Cypriot Investment Firms, Directive 1/2002	
CZECH REPUBLIC			There is no special regime for the “counterparty relationship” in

			the Czech law.
ESTONIA		Not implemented.	
HUNGARY		See comments for paragraph 10 ('retail regime')	
LATVIA			
LITHUANIA			See par. 1.
MALTA			There are no rules regulating Counterparty relationship trading.
POLAND	Council of Ministers for enacting Parliament for the law	There is a draft of a new decree on the Scope, Procedure, Form and Time Limits for the Provision of Information by Certain Entities Which Conduct Brokerage Activity and Keep Securities Accounts according to which there will an obligation to inform the PSEC of any serious breaches of the conduct of business rules. There is also an obligation of providing the PSEC with all the internal procedures and regulations of the brokerage house as well as with all their changes. (Art.40.2, Art. 48 of the Law on Public Trading of Securities).	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 71	
SLOVENIA		Not implemented.	

Para. 5 indent 6			
<i>The firm must keep records of all transactions executed for a period of five years.</i>			
Country	Implementing Authority(ies)	Implementing Measure¹⁴	Comments
AUSTRIA			
BELGIUM			See comments at Par. 1
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	No provisions available	Definition of counterparty regime is not available in current legislation. Rahoitustarkastus has been in dialogue with the Ministry of Finance in implementing the CESR standards in this respect. Currently the Ministry of Finance is concentrating on negotiations of the new ISD proposal and is therefore not giving a new project in this sector a preference.
FRANCE			
GERMANY			
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 CESR Standards on Investor Protection. We expect the final outcome of this work to be available at the beginning of 2004.
ICELAND	Parliament		See par. 1.
IRELAND	IFSRA	<u>B&RR General Principles 1.1</u> A firm shall retain for a period of at least six years.... A full	

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

		record of each transaction entered into by it	
ITALY	CONSOB	Article 69, paragraph n. 1,a) of Consob Regulation 11522 <i>(Conservation of records and documents)</i> Article 10 of Consob Regulation 11768 (Recording requirements for regulated markets) Article 11 of Consob Regulation 11768 (Reporting requirements for transactions involving financial instruments admitted to trading in a regulated market concluded outside such market) ;	
LUXEMBOURG	CSSF	See par. 5 indent 3	
NETHERLANDS	Ministry of Finance or AFM: deliberations are pending	uncertain: depending on outcome of deliberations with ministry of finance	
NORWAY	Parliament	STA, section 9-7 and Regulation 1996/950 regarding investment firms compliance with record-keeping (10 years)	
PORTUGAL		SC article 308/1	
SPAIN	Ministry of Economy/CNMV	This standard is not implemented in the Spanish regulation as a specific category, it is implemented as a general rule in Royal Decree 629/1993 3 May governing rules of action in the securities markets and obligatory record-keeping Art 6 Operations archive, Art 7 General Rules regarding operations archive and Circular 3/1993 dated 29 December regarding the record of transactions and order support archive. Art 2 Order Support archive. Art 3 General rules regarding the record of transactions.	The implementing measure states that the documents should be kept until 6 years after the relation with the clients conclude
SWEDEN	Finansinspektionen	Not totally implemented. There is an obligation to keep records of orders (no time-limit) in the Regulation on Conduct of Business rules (2002:7), Chap 6, Section 10. See A 15	No specific laws or regulations are implemented on the counterparty regime..
UNITED KINGDOM	FSA	SYSC 3.2.20R (Records)	See the comments in the previous row about SYSC 3.2.20 R. There does not appear to be any express record-keeping requirement in the context of inter-professional business. MAR 3.6.11 states that “The FSA does not expect tapes to be kept for the full period required by the general record-keeping requirement, except where a firm relies upon voice recordings to comply with record-keeping requirements, in which case it should retain those recordings in accordance with the relevant requirements.” However, there do not appear to be any such “relevant requirements” because COB 7.12 only applies to “customer orders” and “own account transactions” and because COB 1.3.4R indicates that COB 7.12 does not apply to inter-professional business.
CYPRUS	House of Representatives Cyprus Securities and Exchange Commission	Section 36 of the Investment Firms Laws of 2002 – 2003 Sections 4(1), 6(1) and 13 of the Directive on Books and Records to be kept by the Cyprus Investment Firms	

CZECH REPUBLIC			There is no special regime for the “counterparty relationship” in the Czech law.
ESTONIA		Not implemented.	
HUNGARY		See comments for paragraph 15 (‘retail regime’)	
LATVIA			
LITHUANIA			See par. 1.
MALTA			There are no rules regulating Counterparty relationship trading.
POLAND	Council of Ministers for enacting	According to Par. 59 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, there is an obligations of keeping all the data related to services provided to clients for a period of five years (including tape recording of orders).	Polish Securities and Exchange Commission is responsible for drafting
SLOVAKIA		Act No 566/2001 on Securities and Investment Services Article 73	Each financial firm is obliged to respect obligation to keep records of all transactions executed for a period of 10 years (see answer on page 7 rule 15).
SLOVENIA		Not implemented.	

Para. 5 indent 7			
<i>The firm must keep record of telephone conversations concerning the transactions executed on a counterparty relationship.</i>			
Country	Implementing Authority(ies)	Implementing Measure¹⁵	Comments
AUSTRIA			
BELGIUM			See comments at Par. 1
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	No provisions available	Definition of counterparty regime is not available in current legislation. Rahoitustarkastus has been in dialogue with the Ministry of Finance in implementing the CESR standards in this respect. Currently the Ministry of Finance is concentrating on negotiations of the new ISD proposal and is therefore not giving a new project in this sector a preference.
FRANCE			
GERMANY			
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 CESR Standards on Investor Protection. We expect the final outcome of this work to be available at the beginning of 2004.
ICELAND	Parliament		See par. 1.
IRELAND	IFSRA	<u>B&RR Section 5.3</u> As at 62 Part A above	

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

ITALY	CONSOB		Specific record-keeping requirements applicable to transactions executed on a counterparty relationship will be introduced with the final adoption of the regulation at present under consultation.
LUXEMBOURG	CSSF	See 8.4.4.1 basic customer agreement	
NETHERLANDS	Ministry of Finance or AFM: deliberations are pending	uncertain: depending on outcome of deliberations with ministry of finance	
NORWAY	Ministry of Finance	The ministry of Finance is currently working on a proposal by Kredittilsynet to introduce mandatory tape recording of telephone orders	
PORTUGAL	Minister of Finance upon a CMVM proposal	Law	Implementation proposals currently in study
SPAIN	Ministry of Economy/CNMV	This standard is not implemented in the Spanish regulation as a specific category, it is implemented as a general rule in Royal Decree 629/1993 3 May governing rules of action in the securities markets and obligatory record-keeping Art 8 Support orders archive and Circular 3/1993 dated 29 December regarding the record of transactions and order support archive. Art 2 Order Support archive.	
SWEDEN	Finansinspektionen	Regulation on Conduct of Business rules (2002:7), Chap 6, Section 10. See A 15	No specific laws or regulations are implemented on the counterparty regime..
UNITED KINGDOM	FSA	MAR 3.6 (Taping) MAR 3.6.3G provides that a firm should implement appropriate systems and controls with a view to ensuring that the material terms of all transactions to which it is a party, and other material information about such transactions, are promptly and accurately recorded in its books or records.	Tape recording is specified as one of a non-exhaustive list of alternate media that can be used for this purpose.
CYPRUS	Cyprus Securities and Exchange Commission	This will be expressly provided for in the amendments to fully implement the counter party regime	
CZECH REPUBLIC			There is no special regime for the “counterparty relationship” in the Czech law.
ESTONIA		Not implemented.	
HUNGARY		See comments for paragraph 75 (‘retail regime’)	
LATVIA			
LITHUANIA			See par. 1.
MALTA			There are no rules regulating Counterparty relationship trading.
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)	Polish Securities and Exchange Commission is responsible for drafting
SLOVAKIA	MF FMA	Act No 566/2001 on Securities and Investment Services Article 73	To keep records on telephone conversations is a requirement obligatory for money market dealers, who are banks.
SLOVENIA		Not implemented.	

Para. 5 indent 8			
<i>The firm must adopt and take all reasonable steps to ensure compliance with an appropriate internal code of conduct.</i>			
Country	Implementing Authority(ies)	Implementing Measure ¹⁶	Comments
AUSTRIA			
BELGIUM			See comments at Par. 1
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	No provisions available	Definition of counterparty regime is not available in current legislation. Rahoitustarkastus has been in dialogue with the Ministry of Finance in implementing the CESR standards in this respect. Currently the Ministry of Finance is concentrating on negotiations of the new ISD proposal and is therefore not giving a new project in this sector a preference.
FRANCE			
GERMANY			
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 CESR Standards on Investor Protection. We expect the final outcome of this work to be available at the beginning of 2004.
ICELAND	Parliament		See par. 1.
IRELAND	IFSRA	<u>GS &RR Section 2.3</u> As at 2 Part A above.	
ITALY	CONSOB	Article 58, paragraph n. 1, b) of Consob Regulation 11522 <i>(Internal code of conduct)</i>	
LUXEMBOURG	CSSF	See 7 and 9, B conduct of business for the “professional regime”, 1.3 (compliance and code of conduct)	
NETHERLANDS	Ministry of Finance or AFM: deliberations are pending	uncertain: depending on outcome of deliberations with ministry of finance	
NORWAY	Parliament ANSC	STA, section 9-1 para 1 Ethical Norms, article 1-1	
PORTUGAL		SC article 316	
SPAIN	Ministry of Economy/CNMV	This standard is not implemented in the Spanish regulation as a specific category, it is implemented as a general rule in the Royal Degree 629/1993 of 3 May governing rules of action in the securities markets and obligatory record-keeping, Annex. Art 3 Resources and capabilities	
SWEDEN	Finansinspektionen	General guidelines on Ethical rules for entities under supervision (1998:22) (internal code of conduct) See A 17	No specific laws or regulations are implemented on the counterparty regime.
UNITED KINGDOM	FSA	SYSC 3.2.6R (Compliance) provides that firm must take reasonable	A company acts through its directors and employees and a

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

		care to establish and maintain effective systems and controls for compliance with applicable regulatory requirements and standards.	partnership acts through its partners or employees. The systems and controls will therefore need to relate to these individuals. There is no express requirement to have an appropriate internal code of conduct.
CYPRUS	Cyprus Securities and Exchange Commission	Section 4(1) and Paragraph 2.2 and Chapter 3 of Annex 1 of the Conditions for Granting an authorisation to Cypriot Investment Firms, Directive 1/2002	
CZECH REPUBLIC			There is no special regime for the “counterparty relationship” in the Czech law.
ESTONIA		Not implemented.	
HUNGARY		See comments for paragraph 9 (‘retail regime’)	
LATVIA			
LITHUANIA			See par. 1.
MALTA			There are no rules regulating Counterparty relationship trading.
POLAND	Parliament for the law and Council of Ministers for the decree Parliament for the law	<p>According to Art. 40.2 of The Law on Public Trading of Securities the entity applying for the permit for conducting brokerage activities must provide PSEC with organisational procedure, internal control procedure, protecting of confidential information procedure. Every change of those procedures must be notified to PSEC.</p> <p>According to the Decree of the Council of Ministers dated April 15th 2002 on Determining the Technical and Organizational Conditions Required of Certain Entities to Conduct Brokerage Activity and of Banks to Keep Securities Accounts, the brokerage house shall separate in its organizational structure an internal supervision unit and ensure appropriate autonomy of the said unit so as to enable it to discharge its duties properly. Where it is justified by the volume of activity conducted by the brokerage house and where it does not jeopardize the security of trading or interests of participants in trading, internal supervision may be exercised by an independent supervision inspector working alone. The brokerage house shall also keep a procedures book, containing procedures connected with the conducted activity, which are currently in force in the brokerage house. (Par. 10, Par. 15)</p> <p>There is a draft of a new Polish Law on Public Trading of Securities prepared which introduces an obligation for a brokerage house to establish rules and procedures for carrying out personal transactions involving financial instruments by all the employees (including members of the board and the directors).</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 conflicts of interests. The decree will specifically regulate all the issues related to that matter by providing inter alia an obligation of establishing appropriate procedures.</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> <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	Compulsory for all supervised subjects, and financial market participants.
SLOVENIA		Not implemented.	

Para. 5 indent 9			
<i>The information provided in a marketing communications must be clear and not misleading.</i>			
Country	Implementing Authority(ies)	Implementing Measure¹⁷	Comments
AUSTRIA			
BELGIUM			See comments at Par. 1
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	No provisions available.	Definition of counterparty regime is not available in current legislation. Rahoitustarkastus has been in dialogue with the Ministry of Finance in implementing the CESR standards in this respect. Currently the Ministry of Finance is concentrating on negotiations of the new ISD proposal and is therefore not giving a new project in this sector a preference.
FRANCE			
GERMANY			
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 CESR Standards on Investor Protection. We expect the final outcome of this work to be available at the beginning of 2004.
ICELAND	Parliament		See par. 1.
IRELAND	IFSRA	<u>AR, Section 1.3</u> As at 29, Part A above.	
ITALY	CONSOB	Article 21, paragraph n. 1,a) of Legislative decree n. 58/1998 <i>(General criteria)</i> Article 101, paragraphs 2 and 3, of Legislative decree n. 58/1998 <i>(Advertisements)</i> ∞∞ Article 17 of Consob Regulation 11971 <i>(General criteria for preparing advertisements)</i>	
LUXEMBOURG	CSSF	See 25 2.1) basis requirements	
NETHERLANDS	Ministry of Finance or AFM: deliberations are pending	uncertain: depending on outcome of deliberations with ministry of finance	no legislative authority for AFM
NORWAY	Parliament	The marketing Control Act section 2 para 1	

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

PORTUGAL		SC article 304	
SPAIN	Ministry of Economy/CNMV	This standard is not implemented in the Spanish regulation as a specific category, it is implemented as a general rule in Law 24/19888 Security Markets Act Art 94	
SWEDEN	The Consumer Agency	The Marketing Act (1995:450) See A 29	No specific laws or regulations are implemented on the counterparty regime.
UNITED KINGDOM	FSA	Principle 7 (Communications with clients). provides that a firm must pay due regard to the information needs of its clients, and communicate information to them in a way which is clear, fair and not misleading.. PRIN 3.4.1 R (Clients and the principles) modifies the effect of principle 7 where the firm's client is an MCP, so that it only operates as a requirement that the firm must communicate information to the MCP in a way that is not misleading. MAR 3.4.10G (Clarity of Role) provides that a firm should take reasonable steps to ensure that it is clear to its MCP whether it is acting on its own account, as agent or as arranger before it enters into a transaction.	
CYPRUS	Cyprus Securities and Exchange Commission and the Central Bank of Cyprus	Section 6 and Paragraph 1 of Part II of Annex 2 of the Code of Business Conduct for Investment Firms and the Natural Persons employed by them, Directive 1/2003	
CZECH REPUBLIC			There is no special regime for the "counterparty relationship" in the Czech law.
ESTONIA		Not implemented.	
HUNGARY		See comments for paragraph 29 ('retail regime')	
LATVIA			
LITHUANIA			See par. 1.
MALTA			There are no rules regulating Counterparty relationship trading.
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
SLOVAKIA	MF FMA	Act No 566/2001 on Securities and Investment Services Article 73	Not define counterparty relationship. The standard is every financial firm obliged to respect. All investment companies are obliged to respect requirements for marketing communications.
SLOVENIA		Not implemented.	