

# ANNA

ANNA Numbers The World

## *ANNA Newsletter & Highlights*

**June 2010**



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# ANNA NEWSLETTER

Dear ANNA colleagues,

Welcome to the next edition of the ANNA Newsletter.

Within the Board, we continue to support this initiative; as we believe this is another good communication means to utilise and thus further assist with keeping the ANNA membership informed on industry topics and developments of mutual and common interest.

For this edition, we have once again selected a number of topics that we believe will be areas of interest to the entire ANNA membership. We hope the content of this next edition of the ANNA Newsletter continues to be of interest and useful to your further understanding of industry matters directly complimenting the activities of the National Numbering Agencies. We have tried to include items that we believe will be of interest to the vast majority of the membership and will be useful in providing updates to your colleagues on the activities of the Association.

The ANNA Board would greatly appreciate any comments or feedback on the content of current and past newsletters and on possible future topics we should consider including.

Many thanks in advance.

Sincerely,

Dan Kuhnel  
ANNA Chairman



## STRIVING TO MEET INTERNATIONAL STANDARDS AND PROVIDE ADDED VALUE TO CUSTOMERS

With history spanning back nearly 15 years, Central Depository of Armenia open joint stock company (CDA) is one of the oldest capital market institutions in Armenia. It currently performs the functions of the centralized custodian and securities registrar, while also carrying out clearing and settlement of securities for both exchange and over-the-counter trades. The CDA is also the National Numbering Agency of the Republic of Armenia, the only entity in the country authorized to assign identification numbers to securities issued and traded in the local capital market.

Centralized registry keeping system was first put in place in Armenia with the establishment of the CDA—then fully state-owned National Centralized Register—on January 10, 1996. Later, in April 1999, it was reorganized into the Central Depository of Armenia cjsc, also fully owned by the Government, which, in addition to registry keeping services, started to carry out centralized depository and custodian operations, as well as clearing and settlement of securities. The adoption of the Law of the Republic of Armenia “On Securities Market Regulation” in August 2000, marked a whole new phase for the CDA’s operations. Under this new Law, CDA assumed the exclusive status of the centralized custodian, securities registrar and clearing and settlement agent in the Republic of Armenia. On the corporate side, the depository, as well as the stock exchange, were transformed into self-regulatory organizations—non-governmental, not-for-profit entities where brokerage companies, the market participants, rather than the Government, assumed the responsibility for all company decisions, as well as for the rulemaking process.

The demutualization wave that embraced the international financial industry in early to mid 2000s also touched the Armenian capital market. In October 2007, following the adoption of the new Law of the Republic of Armenia “On Securities Market”, the CDA was reorganized into an open joint stock company. The same year, as the Armenian capital market became increasingly looked at by the global financial community, Nordic exchange operator OMX A.B. purchased 100% of the shares of both the CDA and the Armenian stock exchange. After the merger between NASDAQ and OMX exchange operators was completed in February 2008, CDA became a company fully owned by NASDAQ OMX Group Inc. Since June 5, 2009, CDA has become a subsidiary of the Armenian stock exchange, now NASDAQ OMX Armenia open joint stock company, a member of the NASDAQ OMX Group, Inc.

Being the key institution of the Armenian two-level depository system, CDA currently acts as the registrar for more than 1,500 Armenian companies and serves nearly 160,000 securities accounts. Sub-custodians—banks and investment companies licensed by the Central Bank

of Armenia—are also served by the Central Depository as the nominal holders of securities. Nowadays, the most actively traded securities in the Armenian market are equities and corporate bonds. All listed securities have been dematerialized, which helps greatly enhance the protection of legitimate stock and bond owners.

CDA is committed to providing its customers with quality, efficient, and flexible services that fully meet their requirements in all dealings with the capital market, including, for issuers—registry services and corporate actions; for market participants—nominal holder, clearing and settlement services; for registered security holders—custodian services and ownership protection. As Armenian companies become increasingly interested and involved in cooperation with clients and investors across the globe, CDA endeavors to facilitate the integration in its own way—to have securities identification numbers assigned to Armenian securities comply with international standards. The process seems all the more important in view of the upcoming roll out by the Government of Armenia of the new cumulative pension system, which is expected to boost the domestic capital market with new securities issues, including those targeted at the international investor community. Within the new system, CDA has been appointed to both keep all individual pension accounts and act as the centralized custodian for pension funds and asset managers—a major element of the system to, among other things, sustain cooperation with global custodians.

The initial steps towards the accession to the Association of National Numbering Agencies (ANNA) that the CDA undertook since early 2009, have enabled the company to implement the major international standards, including ISO 6166, ISO 4217, ISO 3166, CFI & ISO 10962, and to acquire ANNA Partner status in June 2009. The next step in this direction that the depository has tackled is to complete all preparations necessary to become a Full Member of the Association. Once this has been achieved, the CDA will be more prepared than ever to meet the needs of the Armenian companies as they move forward with their development and global expansion plans.

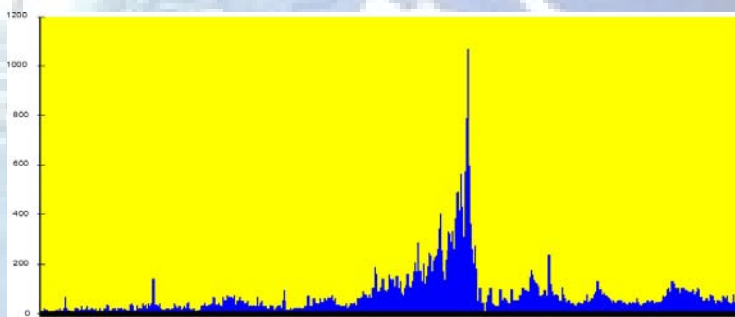
Ms. Rouzanna Sarkissian, Head of Marketing & Communications, CDA

Mr. Vahan Stepanyan, Chief Executive Officer, CDA

## CAPITAL MARKET OF BANGLADESH

The Stock Market of Bangladesh is relatively small but its history goes beyond 50 years, Dhaka Stock Exchange (DSE), the premier bourse being incorporated as early as 1954. A second exchange namely Chittagong Stock Exchange (CSE) came into being in October 1995 in the port city of Chittagong.

The Stock Market in Bangladesh came into prominence towards the end of 1996 following a period of frenzied trading in share certificates



Dhaka Stock Exchange turnover Jan 95 to Dec 97



Share trading in the street outside the exchange

- Share trading had moved from the exchanges to the street outside the exchange
- Panic buying of share certificates as share prices went up everyday by 10 percent, the circuit breaker introduced by the SEC to dampen the market
- Market was flooded with fake certificates
- Buy orders executed by brokers were hardly ever delivered to the investors
- Investors were short changed on their sale orders by brokers. Share scams surfaced one after another
- Investors threw caution to the wind and scrambled to snatch up any script that came to the street market despite repeated warnings from regulators
- At the end of the day hundreds and thousands of ordinary people ended up losing their life's savings and many even piled up huge debts from borrowings to buy scripts that were virtually worthless by April 1997

### The 1996 bubble was a national scandal

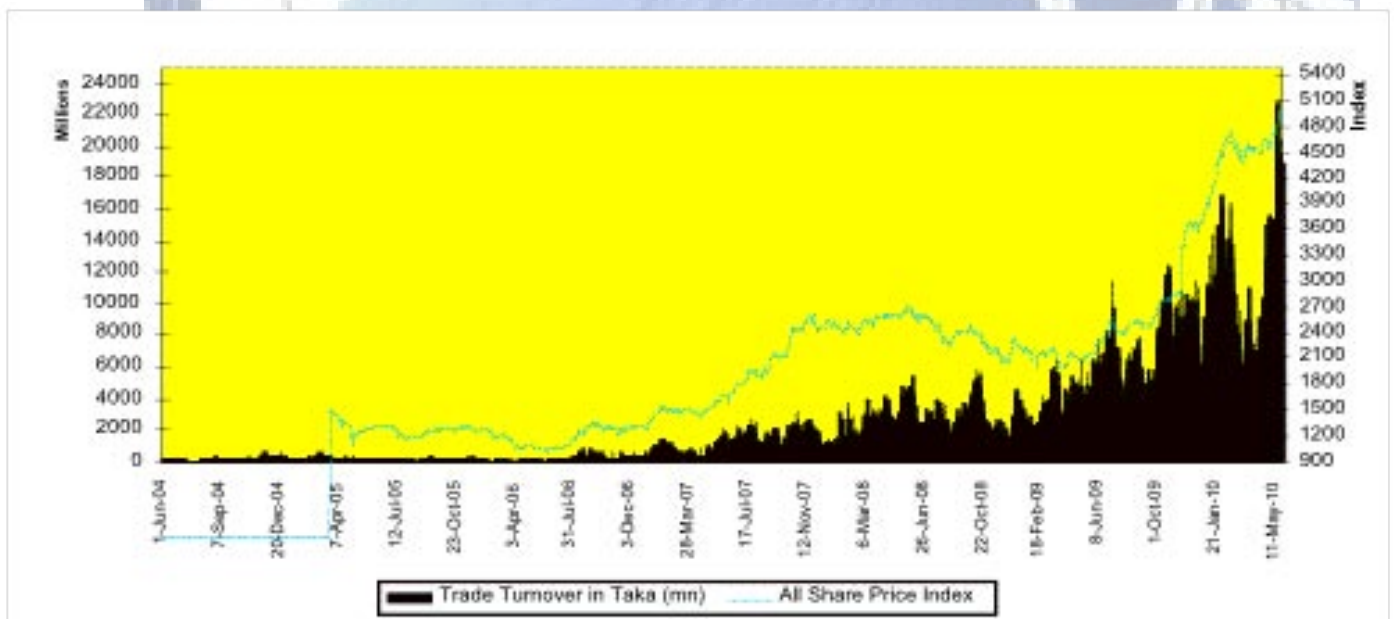
Clearly, urgent action was necessary and to this end Bangladesh was sanctioned in November 1997 an ADB loan of US\$80 million to reform its capital market.

The most significant change that subsequently occurred involved the introduction of automated online screen trading systems at CSE in June 1998 and thereafter at DSE in August 1998 which brought about transparency of trades at the stock exchanges

Central Depository Bangladesh Limited (CDBL) was incorporated on 20th August 2000 to operate and maintain the Central Depository System (CDS) of Electronic Book Entry for stocks and shares, as well as providing various other investor services including facilitating secondary market trading of Treasury Bills and Bangladesh Government Treasury Bonds issued by the Bangladesh Bank.

All issues of government securities were dematerialized in October 2003 and from January 2004 shares listed on the stock exchanges have been entering into the Central Depository System of CDBL a few at a time. Presently, listed securities consist of 241 companies, 26 mutual funds, 8 debentures, 2 corporate bonds making a total of 277. In addition, 164 government treasury bonds are also listed but these are hardly ever traded.

Reforms of the capital market have had a positive impact on the stock market's growth over the years and in recent months performance of the market has been spectacular as evident from the chart presented hereunder.



From June 08 transaction volumes have been shooting-up reaching unprecedented levels as of May 10

Between 2005 and 2010 daily average turnover has grown from around US\$ 5 million by fifty times to around US\$ 250 million. Market capitalization has escalated from around US\$ 5 billion by seven times to around US\$ 35 billion.

Initial Public Offerings are on an average oversubscribed 10 to 15 times. Investors' accounts in the depository are currently growing by around half a million every quarter.

Price Earnings Ratio of the All Share Price Index is at an all time high figure of around 31. However, the PE of the highly regulated banking sector stocks is below 20.

Upward surges in the market tend to be exaggerated as short selling of securities is prohibited. Settlement of securities is on a trade for trade basis whereas cash is netted. Over 95% of stock exchange trades are settled in the Depository.

ISINs are an essential requirement of CDBL's depository system and on its startup on 24th January 2004 CDBL allocated ISINs to all listed securities existing at that time. However, dematerialization has been taking place security by security from January 2004 and as and when that happened securities have been entering CDBL's system in a continuous process. Initial Public Offerings are allocated ISINs as and when they occur and accordingly enter CDBL's system.

Foreign portfolio investment is still at a low level of under 5% despite the spectacular performance of the Bangladesh market in recent times. However, on the positive side, lack of foreign participation has insulated the Bangladesh market from effects of global meltdowns. Ups and downs of Dow Jones, FTSE, Nikke or Hang Seng have no bearing in the Bangladesh market place.

Mr M H Samad

Managing Director & CEO - Central Depository Bangladesh Ltd.

## IMPLEMENTATION AND LAUNCHING OF NNA FOR COLOMBIA - APRIL 8TH OF 2010

DECEVAL, as the Central Securities Depository in the country, foresaw the importance of implementing international standards for the allocation of codes to all securities in the Colombian securities market, using the ANNA methodology which is based on ISO 6166 and 10964 standards. For this reason it formally requested the Office of the Financial Superintendent (Superintendencia Financiera de Colombia) for the authorization to perform as the National Numbering Agency. This resulted in the issue of Resolution No. 01832 of October 17, 2006, whereby DECEVAL was formally appointed as the NNA for Colombia.

The depository applied for ANNA membership, and its application was included in the agenda of the extraordinary meeting of the Association, held on November 16th in Buenos Aires, Argentina; where it was accepted.

DECEVAL started the design and definition of the required activities in order to achieve this objective, which as of June 08th 2010 will become a reality.

### **The principal Objectives for the NNA Implementation in Colombia:**

- **Allocation of the ISIN Codes:** To deliver to the securities industry as a whole and to its members an international security identification number (ISIN) with a uniform structure that shall be used in all securities negotiations and management systems in the international securities industry.
- **Agency for the maintenance of the ISO Standard 6166:** To implement and maintain the ISO Standard 6166, since ANNA was designated as the institution with the authority to file under ISO 6166.
- **Assistance to all shareholders or associates:** The organization of seminars to promote the ISO 6166 standard, and to take any measures as required for the support and assistance of all countries in establishing a national numbering system.
- **Classification of financial instruments:** To implement and maintain the ISO 10962 standard, since ANNA was designated by ISO as the institution with the authority to file and maintain ISO 6166 and ISO 10962 standards.
- **ANNA guidelines:** To prepare and maintain internal procedures that shall guarantee that all members of the Association will follow the same general procedure in the creation, modification and elimination of ISINs and CFIs.

This migration does not only mean a change in the existing code for the Colombia market, it also involves many other processes within the industry:

1. Changes in STP processes for primary issue: Debt market, including private and government bonds.
2. Change in STP processes for the settlement of transactions.
3. Change in information reporting to the regulator and the creation of software applications to manage the reporting process.
4. Data base migration: All existing balances and existing codes to comply with ISO methodology. We needed to change our core system by more than 60% in order to be able to process in an automated way all NNA functions. We needed to create services for the Stock Exchange, the Central Bank, Issuers and others.
5. Complying with the Regulator's working plan - The regulator set the responsibilities and obligations for DECEVAL for launching the NNA. Time frames were established; however due to the impact and readiness of the market it was postponed until March 23rd, 2010. That was explained in a document sent to ANNA.
6. Training and testing: We needed to perform training for the industry, a process which we have undertaken with all interested parties since early January 2010. We have also performed testing for the new system, which is to be deployed according to a working plan that was set up with industry participants.
7. A considerable amount of funds and work were needed to complete this project, not only by DECEVAL but also by all other industry participants.
8. Migration on all codes at the stock exchange, including an operation needed for settlement by  $t+1, t+2, \dots, t+n$  after the migration process is developed.

Perhaps, some of these steps were not performed as effectively as in other similar projects; however we have certainly done our best in order to fulfill ANNA's requirements. We have invested thousands of working hours with the objective of being formally accepted.

Files to the ANNA Service Bureau, S&P, major data vendors and custodians were made available on the night of Jun 5th 2010 by 11:00 P.M. The objective of providing this information was that during the next two days the participants would be able to update their

systems, taking into account that the Colombian market will begin using the new ISIN codes starting June 8th.

### Participants involved in the process:

Sector	No. of Entities
Pension Funds	6
Financial Corporation	2
Banks	17
Insurance Companies	25
Broker	28
Other Financial credit institutions	28
<b>Sub Total</b>	<b>106</b>
Market Infrastructure providers - BVC – Stock Change - Central Bank - CCRC - AMV - Superintendencia Financiera De Colombia	5
Trust Companies	25
Issuers from Productive Sector	102
Mutual Funds	4
Other Intermediaries	23
Government Inst.	1
<b>Total general</b>	<b>266</b>

### Process Statistics:

Colombia's NNA Implementation Information	
Description	Total
Allocated ISINs	51,549
Total Issuers	261
Investor Accounts	1,258,621
Direct Participant Depositors	185
Active Issues	697

The National Numbering Agency in Colombia has become a reality.

## REGIONAL GROUP REPORTS

### **ANNA Latin American Regional Group (ALARG)**

We are very glad to share with the ANNA Community the news from ALARG.

To begin with, Bolsa de Valores y Productos de Asunción, the Paraguayan NNA, has successfully completed the hand over process with Standard & Poors, and is already allocating ISINs and CFIs, and of course, properly populating the ASB database. Previous to this, a meeting was hosted by Caja de Valores, where the Chairman of the Asunción Stock Exchange received assistance in the last stage of the process.

In the same line, Bolsa de Valores Nacional, from Guatemala, that was accepted as ANNA Member in the last GM held in Singapore, is also working towards the completion of the procedure to start with the numbering system in their country. A one-day meeting was held in Buenos Aires, to review the allocation system they are currently developing to implement the ISIN and CFI codes. A presentation was given by Caja, describing the steps they will need to follow to manage the hand over process in a smooth manner.

In relation to Uruguay, in our last edition we informed that Bolsa de Valores de Montevideo, the Uruguayan Stock Exchange, was aiming to become the National Numbering Agency for that country. After that, Banco Central de Uruguay, the Uruguayan Central Bank, has also become interested in being designated as NNA. Therefore, Caja de Valores invited the Central Bank to a meeting in Buenos Aires, as it was done with the Stock Exchange, to review the procedures they would need to follow, as well as the responsibilities they would have to assume to achieve this role. Now it is the National Supervisory Authority who will have to decide which entity is finally named.

DECEVALE S.A., the Ecuadorian NNA, that joined ANNA during the General Meeting held in Malta has finished the development and testing period of their numbering system successfully. The hand over date with the SNA is scheduled for July 1, 2010.

DECEVAL, the Colombian NNA, has successfully completed the migration of all the existing codes for the Colombian securities. This important process affects not only the domestic market participants, but also international players. More information related to this change is available in this Newsletter, under “IMPLEMENTATION AND LAUNCHING OF NNA FOR COLOMBIA”.

As you can see, with all these changes, ALARG countries are working hard to achieve more efficiency in the allocation, administration, and dissemination of international securities identifiers.

### **Africa & Middle East Central Depositories Association (AMEDA)**

Africa & Middle East Central Depositories Association – AMEDA was founded in April 2005 in New York while the CSD8 international conference. AMEDA started with seven

members from Egypt, Jordan, Lebanon, Tunisia, Mauritius, Kuwait and Muscat who chose Mr. Mohamed Abdel Salam as AMEDA president representing African part and Mr. Samir Jaradat as AMEDA vice president representing the other Middle East members in Asia. Now that members are twenty three from twenty one countries, they re-elected both Mr. Mohamed and Mr. Samir for another term.

Since establishment AMEDA had eleven meetings in different countries where esteemed financial companies were invited to meetings to share experiences and means of best practice in clearing and depository activities.

The main goal of AMEDA is to leverage African and ME markets up to international standard markets by providing best services in the most cost efficient manner. AMEDA members are now seeking domestic and international consultancy for linking up their markets for the purpose of opening new markets for local investors, improving local markets, services diversification and finally increasing CSDs revenues.

While the very short life of AMEDA, AMEDA managed to have achievements. Mutual visits and training were provided among members, new systems were introduced, clearing and settlement problems and risks were addressed and solutions were provided. AMEDA managed to host its first Leadership Forum in Alexandria where member countries staff are being trained and introduced to the most recent developments in the securities field. And finally after having ten international CSDs conferences, AMEDA succeeded in hosting the CSD11 in Cape Town in South Africa for the first time in AMEDA life with AMEDA members being the event host.

CSD international conference is an international gathering of all people working in the Clearing, Settlement and Depository field. It is held once every two years and main CSD related innovations and problems are addressed during these conferences. It is always taken into consideration to invite the elite the best of the best in this business to the conference to be speakers and moderators and to head sessions for the very best interest of attendants.

## NEW MEMBERS

### **New ANNA Full Members:**

- Securities and Commodities Authority (United Arab Emirates)

### **New ANNA Partners:**

- Bolsa de Valores Nacional (Guatemala)
- Kazakhstan Central Securities Depository (Kazakhstan)

### **Potential New ANNA Full Members:**

- Bahrain Stock Exchange (Bahrain)
- Central Depository Bangladesh Ltd (Bangladesh)
- Central Securities Depository (Czech Republic)
- Vietnam Securities Depository (Vietnam)

### **Potencial New ANNA Partners:**

- Barbados Stock Exchange (Barbados)
- Financial Supervision Agency - FSA (Georgia)
- Khartoum Stock Exchange (Sudan)
- Trinidad and Tobago Stock Exchange (Trinidad and Tobago)

**Association of National Numbering Agencies (ANNA) Extraordinary General Meeting  
and Workshop for Members and Partners  
Lima-Peru, November 24 thru 27, 2010**

May, 2010

Dear ANNA members,

The Bolsa de Valores de Lima (Lima's Stock Exchange) cordially invites you to participate in the ANNA Extraordinary General Meeting and Workshop, which will take place at in Lima, Peru (JW Marriott Hotel) from November 24 thru 27, 2010.

The objective of this meeting is to provide an overview of ANNA activities and update the overall framework to all ANNA's members and partners.

We have been working on all the necessary details to offer of you an accurate working agenda. Further information about accommodations and the meeting agenda will be soon available.

For more information about our country and its main attractions, please visit:  
[www.peru.info](http://www.peru.info)

We appreciate your participation in this significant event and we look forward to welcoming you in Lima.

Yours sincerely,

Francis Stenning de Lavallo  
General Manager  
Bolsa de Valores de Lima



## Goodbye by Terry Allison

In 1990 I first became involved in the ISIN standard little did I think that 20 years later it would be the key reference data item driving many of the worlds clearing and settlement systems.

When ANNA was formed in 1992 I was lucky enough to be involved in that formation and naively thought the process would be a simple exchange of data between national numbering agencies? Little did I realise at the time that I would have to take a crash course on Intellectual Property Rights and Licensing? While important issues there is no question that ANNA has been hampered by the long delay in ISO and the European Commission reaching a decision. Trying to move forward and develop existing and new standards is not easy when you don't know what the ground rules are likely to be?

In the future ANNA has a great opportunity to play a leading role in a number of important financial standards. The Issuer and Guarantor Identifier (IGI) have the potential to be just as important as the ISIN. ANNA has a great opportunity to play a leading role in the development and implementation of this important standard. The importance of ANNA as the leading association with regard to financial standards can only be enhanced by being involved in the development and maintenance of these new standards.

As most of my working life has been involved with reference data the key to any data is its quality. With these new and the existing standards there is an onus on all numbering agencies to ensure that the data they supply is accurate. It therefore follows that as ANNA increases its portfolio of international standards there will be increased pressure on the numbering agencies to ensure that the data they supply to ANNA is accurate.

Finally I have to say a thank you to all my colleagues over the years who I have worked alongside on the ANNA Board and Secretariat for their support and friendship. Many of you will be unaware of the amount of effort that goes into being on the ANNA Board as much of the work goes unnoticed but with over a 100 membership and the many issues I can say it's not inconsiderable.

So thank you all I will be watching ANNA's progress with interest.



**SAVE THESE DATES!**

**Next ANNA Workshop: November 24, 2010 – Lima, Perú**

**Next ANNA General Meeting: November 24 & 25, 2010 – Lima Perú**

**Host: Bolsa de Valores de Lima.**



# ANNA

ANNA Numbers The World

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