

November 2008 Edition



ANNA
NEWSLETTER
&
HIGHLIGHTS

ANNA Numbers The World





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ANNA NEWSLETTER

Dear ANNA members,

On behalf of the ANNA Board, I would like to extend a warm welcome to our second edition of the ANNA Newsletter.

The initiative taken by the ANNA Board to produce and circulate a member's Newsletter was endorsed at the last ANNA General Meeting in Luxembourg. We believe it is increasingly important to ensure good communication amongst the ANNA members in light of the increasing number of National Numbering Agencies becoming active within the Association.

Within this edition a number of topics have been chosen that we believe are areas of interest to the ANNA membership. Given the current global financial turmoil, the importance of the standards under ANNA's responsibility (ISIN and CFI) and their use in day to day activities; are increasingly an area of focus and value to all entities active in financial business. The increasing need for the financial marketplace to move towards further areas of standardisation; places ANNA in a unique position to offer more value added services in the standards field. The ANNA Board believes there is a need for us to assess and consider the evolution of new financial standards and agree how ANNA can take an active and leading role in their future adoption.

We hope that the information included in this edition is of interest and useful to your further understanding of the industry matters impacting the ANNA membership. To assist us with the preparation of future issues, we would greatly appreciate any comments or feedback on the content of this newsletter and on future topics that we should consider including.

Sincerely,

Dan Kuhnel
ANNA Chairman

DEVELOPMENT OF ISO STANDARDS BY ANNA

In 1992 when ANNA was first formed with 22 National Numbering Agencies I doubt many of those involved would have imagined the growth or impact that the ISIN would have on global trading and settlement. ANNA can certainly be proud of the achievement in implementing and promoting the ISIN as a global identifier. As many of you are aware, it is fundamental to most securities databases and without it, many of the other ISO standards would be impossible to use. What value would CFI, FISN or IBEI add without the ability to effectively & uniquely identify a security?

With regard to CFI, it is only recently that its' value of categorising securities & risk is finally being realised by the market. This is proving a valuable tool especially with the many complex securities being issued. Whilst ANNA and its members still have work to do in order to make CFI a truly global standard, we can be pleased with progress so far.

ANNA now has well in excess of ninety National Numbering Agencies and Partners, all working towards implementing & maintaining ISIN and CFI in their local markets. Following the success of these standards a key question for ANNA is how many more ISO standards do we assume the role as a Registration Authority or Maintenance Agency for?

Experience has shown that from an ANNA perspective we need to be very clear about the obligations on both legal and commercial aspects before we agree to take on additional standards.

I think it's fair to say that the ANNA Board is taking a cautious approach concerning new standards and the implications of becoming a Registration Authority for other ISO standards. Many of these new standards will prove beneficial to the market however we should not forget that it is the Numbering Agencies who are being asked to implement these standards. For some, implementing new standards is easy and has a negligible cost impact; for others it could be a complex issue.

Notwithstanding the concerns above, ANNA is uniquely placed to introduce further standards as authorised by ISO. The members provide ANNA with a global reach which makes ANNA the logical choice to assume responsibility for these new standards and gives us the opportunity to provide further leadership for financial standards the market is looking for.

Terry Allison
Vice Chairman of ANNA

DATA, TECHNOLOGY AND STANDARDS

– Qualified solutions for fund administration –

On the occasion of the last general meeting of ANNA on June 5/6, 2008 in Luxembourg, ANNA declared its intention of putting measures of standardisation at the disposal of the financial service providers. In an address to the general meeting, Charles Muller, Deputy Director General of ALFI, specified the requirements of the fund industry.

In what way can ANNA react to the specific market requirements?

The financial industry and especially the fund business are subject to steadily increasing requirements. Quantity and complexity of financial instruments, the effects of globalisation, EU-regulations and growing specialisation are important catalysts of innovation in a changing and highly competitive field of business. Additionally, these have direct impact on the organisation of processes, asset and risk management and therefore on the performance and attractiveness of products for potential investors who are becoming increasingly critical due to the lack of information and transparency.

Today, the financial market in Luxembourg belongs to Europe's and the world's greatest financial markets and fund issuers. Today, the financial market in Luxembourg already flaunts an attractive and extremely diversified range of services and products that are constantly being augmented. Moreover, it has the advantage of qualified framework requirements. Above all, it plays an important role in international fund and asset management as well as in fund sales and distribution. In this respect, it is important to consider the requirements as well as the demands of the regulators and of the markets of the international investors in order to remain well-equipped for competition.

International standards of improvement, such as STP, are required to facilitate efficient transformation processes within certain market and customer segments and to improve the attendant information technology while guaranteeing the transparency demanded by regulators.

For this purpose, ISO has developed groundbreaking standards whose implementation and application by ANNA and its members are oriented towards the market.

These standards include:

- ISIN (ISO 6166 International Securities Identification Numbering System)
- CFI (ISO 10962 Classification of Financial Instruments)
- MIC (ISO 10383 Market Identification Code)
- FISN (ISO 18774 Financial Instrument Short Name)

These standards could be of considerable benefit to the financial industry in terms of rationalisation if their integration were not impeded or even called into question — as in the case of ISO Standard 6166 ISIN — by the inadequate definition of the Registration Authority function within the scope of each standard.

Information providers are capable of producing considerable surplus value in order to satisfy growing customer needs, which equally includes fund administration as well as fund reporting. Integrated and standardised content have become vital for doing business and a set phrase for successful marketing.

By virtue of these integrated as well as international demands for quality, standards gain more significance with the finance industry. This is partly due to the ambition to enhance business support by integrating, alongside the technical data for STP, the information management of different products.

The rendition of services and products are based on standards and focussed on business processes as wholes in order to generate the greatest possible benefit for users. Due to the close cooperation within the financial industry in conflicting areas of standardisation, it will become feasible to bolster the competencies of any financial market.

Georg Eisel
ANNA Executive Secretary

THE EVOLUTION OF CHANGE – THE ISO 6166 STANDARD

The ISO 6166 standard is under the responsibility of ANNA as the appointed Registration Authority – as agreed at the level of ISO/TC68/SC4. ANNA in turn acts as the coordinating body with its' member National Numbering Agencies who are appointed and recognised as the responsible ISIN assignment entities within their local jurisdictions.

The requirement from ISO – the International Standards Organisation – is that an ISO standard must, at a minimum, be reviewed every five years. The ISO 6166 standard had not been reviewed or updated since 2001, thus there was a need to undertake this review and perform a technical revision of the standard's content; ensuring the content was up to date and reflects the reality of market practices today.

Under the auspices of SC4/Working Group 1, representatives from various countries and National Numbering Agencies convened to review the current content of the ISO 6166 standard and ensure the standard reflects the reality of financial market operations requirements vis-à-vis ISIN coverage provided. Although discussions deviated from a strict technical revision, the Working Group 1 members did deliver a final proposal for consideration at the SC4 level.

The efforts of Working Group 1 were submitted for voting at the SC4 “P” member country level. Balloting started in April 2008 and closed in June 2008. The results of the votes on the ISO CD 6166 version presented for consideration were:

- 15 P members in favour of the proposed changes
- 2 P members against the proposed changes
- 3 P members abstaining
- 1 P member not voting

As a next step, SC4 endorsed the re-formation of a new Working Group 1 to assess the comments of the P members that voted against the proposed changes to the revised ISO 6166 standard and address identified additional new elements impacting coordinated ISIN assignment amongst the NNAs. It is important to note that at the last SC4 meeting, the members present passed a resolution endorsing the fact that commercial issues related to the post-allocation dissemination and usage of ISINs will not be a topic of discussion within the scope of the revision of the ISO 6166 standard, nor should it be a discussion matter at the level of SC4 or ANNA.

It is anticipated that SC4/Working Group 1 will reconvene for its' initial meeting of the new members prior to the end of 2008.

Dan Kuhnel
ANNA Chairman



ISIN ALLOCATION FEES BY ANNA MEMBERS

Due to the ISO rule that fees by Registration Authorities in relation to ISO Standards need to be on a cost-recovery basis, a short questionnaire was sent to all ANNA members to indicate

- a) whether they charge for ISIN allocation
- b) if yes, how much the fee is
- c) to whom such fees are applicable and
- d) whether they are on a cost-recovery basis only

Response quote was very good with 93.4% (71 out of 76 members) reverting with the requested details. Out of the 71 National Numbering Agencies 53 (74.6%) indicated that they do not charge any allocation fee meaning that 18 NNAs (25.4%) ask for a fee.

Out of the NNAs asking for an allocation fee 83.4% explicitly stated that their fees are either on a cost-recovery or even below cost-recovery basis.

The fee range is very broad from around 0.33 Euro up to around 498 Euro per ISIN. In most cases there is no general fee but charges apply for special groups (like securities not listed at the NNA exchange or for non-participants of CSDs). Mainly issuers or its agents would have to pay for these allocation fees.

Uwe Meyer
ANNA Secretariat

SUMMARY OF PRINCIPAL ITEMS ADDRESSED IN THE LAST BOARD MEETINGS (JULY AND SEPTEMBER 2008)

SLA with ISO for Registration Authority Function

The different versions of the proposed Service Level Agreement prepared by ISO were reviewed, and many changes were included according to the members' comments and the Board's views.

The document is currently under ISO's authorities' revision. Although the main structure has been agreed, there are still some items that need further discussion.

Need for update of ANNA website

As a result of a survey made on FAQ Section of the ANNA website, the Board considered the comments received suggesting an update of the internet site of the Association.

Some research has been done and different alternatives will be presented to the membership in due course.

Preliminary ANNA Board Discussions on ASB SSLA

Continuing with the review of the legal documents, the ANNA Board intends to make an analysis of the ASB SSLA in 2009, in line with this revision process.

Standardization

ANNA's possible role for new ISO Standards has been analyzed by the Board (ISO 16372 – IBEI: International Business Entity Identifier; ISO 18774 – FISN: Financial Instrument Short Name).

Many ANNA representatives currently participate in the ISO Meetings where these Standards are being developed.

REGIONAL NEWS

ALARG – ANNA Latin American Regional Group

Since the last General Meeting, Caja de Valores S.A., in its capacity as Regional Manager, developed the following tasks:

- Compilation of POA for the Extraordinary General Meeting held in Brussels to register the modified Articles of Incorporation with ANNA's Notary.
- Compilation of information related to allocation fees within the Regional NNAs.
- Assistance to the NNAs from Bolivia (Entidad de Deposito de Valores S.A.) which was accepted as new ANNA Partner in the last General Meeting held in Luxembourg. This NNA is currently developing the IT Systems for the ISIN allocation and writing the internal rules and procedures.
- Assistance to the Dominican Republic NNA (CEVALDOM) in the hand-over process with CUSIP Service Bureau. CEVALDOM was also accepted as ANNA Partner in the Luxembourg GM. A Meeting was also held in Buenos Aires with the representative from CEVALDOM, to provide assistance and information related to ISIN and CFI allocation and the ASB database.
- Assistance in the process of designation of the NNA in Paraguay. Bolsa de Valores y Productos de Asunción was named by the correspondent Regulatory Authority, and is currently reviewing with its legal advisors the Partnership Agreement. A meeting was held in Buenos Aires to coordinate the next steps to become an ANNA Partner.

AMEDA - Africa & Middle East Depositories Association

Misr for Central Clearing, Depository & Registry – MCDR, acting as the AMEDA Regional Group Convener, informs that the next AMEDA Meeting will be held from 22nd to 24th October 2008, and that a meeting with ANNA WG4 members is scheduled as well, to address items that are of interest of both organizations.

In the next edition of ANNA's Newsletter you will find a summary of the topics discussed during the meeting.

NEW MEMBERS

New ANNA Full Members:

- National Depository Center (Azerbaijan)
- Muscat Depository & Securities Registration Co. (Oman)

New ANNA Partners:

- The Republican Central Securities Depository (Belarus)
- Entidad de Depósito de Valores (Bolivia)
- CEVALDOM (Dominican Republic)

Potential New Partners / Members:

- Bahrain Stock Exchange (Bahrain)
- Financial Supervision Agency - FSA (Georgia)
- Securities and Exchange Organization (Iran)
- Agency for Financial Supervision of the Republic of Kazakhstan
- Capital Market Development Authority (Maldives)
- New Zealand Central Bank
- Central Securities Clearing System Ltd. (Nigeria)
- Bolsa de Valores y Productos de Asunción S.A. (Paraguay)
- Damascus Securities Exchange (Syria)
- Securities and Commodities Authority (SCA) (United Arab Emirates)

MEETINGS AND EVENTS ATTENDED BY ANNA BOARD MEMBERS (JUNE/OCTOBER 2008)

External Meetings and Events

- o CESAME - The European Commission Clearing and Settlement Advisory and Monitoring Expert group - June 16 (Dan Kuhnel)
- o ELUS 2008 Latin American SWIFT Users Seminar – June 30 – July 2 (Eliana Sánchez)
- o ISO Central Secretariat - July 11 (Dan Kuhnel/Terry Allison)
- o BDUG - Bank Depository Users Group – September 14/17 (Martín Paladino)
- o ANNA Extraordinary General Meeting with Notary in Brussels for update of Articles - September 16 (Georg Eisel)
- o DIN (German Institute for Standardization) - Information Technology Committee - September 24 (Georg Eisel)
- o ISO TC68/SC4 - September 29/30 (Dan Kuhnel)
- o American Bankers Association - October 2 (Dan Kuhnel)
- o Meeting with European Central Bank (ECB) – October 14 (Georg Eisel)
- o UK Technical Standards Group – October 22 (Terry Allison)

Internal Meetings and Events

- o ANNA Board - July 29/30
- o ANNA Board - September 10/11
- o ANNA WG2 - September 25/26 (Dan Kuhnel/Eliana Sánchez)



SAVE THE DATE!

**Next ANNA Ordinary General Meeting: June 4-5, 2009
Hosted by the Malta Stock Exchange plc.**



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