

A N N U A L

R E P O R T

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ECSDA

European Central Securities
Depositories Association

ECSDA aisbl

European Central Securities Depositories Association

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Dear Madam, dear Sir,

We are pleased to present to you the ECSDA annual report for the year 2009, in accordance with its Articles of Association.

This document aims at presenting a brief report on ECSDA's main activities in 2009 as well as the statements of the 2008 accounts of the Association.

The Board of Directors

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Implementation of the Code of Conduct



Mathias Papenfuss

Introduction

On 7 November 2006, the three major industry organisations in the area of trading, clearing and settlement, represented by the Federation of European Securities Exchanges (FESE), the European Association of Central Counterparty Clearing Houses (EACH) and the European Central Securities Depositories Association (ECSDA) presented the Code of Conduct for Clearing and Settlement to EU Commissioner Charlie McCreevy.

As of today, 21 stock exchanges, 13 clearing houses, and 35 central securities depositories, altogether 69 member organisations, have signed the Code for cash equities – a market-led self-regulatory approach.

Signatories to the CoC*



ECSDA
European Central Securities
Depositories Association

Stock Exchanges (coordinated by FESE)	Clearing Organizations (coordinated by EACH)	(I)CSDs (coordinated by ECSDA,
<ul style="list-style-type: none"> ■ Athens Ex.(Greece) ■ Berliner Börse/Equiduct (Germany) ■ BME (Spain) ■ Borsa Italiana ■ Bratislava Stock Exchange.(Slovakia) ■ Budapest SE (Hungary) ■ Cyprus SE ■ Deutsche Börse (Germany) ■ NYSE Euronext (BE, FR, NL, PT) ■ Irish SE ■ London Stock Exchange (UK) ■ Luxembourg Stock Exchange ■ Ljubljana Stock Ex. (Slovenia) ■ Malta Stock Ex. ■ NASDAQ OMX Exchanges (DK, SE, FI, IS, EE, LT, LV) ■ Oslo Bors ■ Prague Stock Exchange ■ SIX Exchange ■ SWX Europe (UK, Switzerland) ■ Warsaw Stock Ex. ■ Wiener Börse (Austria) 	<ul style="list-style-type: none"> ■ CCP Austria ■ CC&G (Italy) ■ Eurex Clearing AG (Germany/Ireland) ■ EuroCCP ■ European Multilateral Clearing Facility N.V. (EMCF) ■ KDPW (Poland) ■ KELER CCP (Hungary) ■ LCH.Clearnet Ltd (UK) ■ LCH.Clearnet SA (BE, FR, LU, NL, PT) ■ NASDAQ OMX (Denmark, Sweden, Finland) ■ CSD and CH of Serbia ■ SIX x-clear (Switzerland) ■ VPS Clearing (Norway) 	<ul style="list-style-type: none"> ■ Clearstream Banking Germany ■ Clearstream Banking Luxembourg ■ CSCC (Slovenia) ■ CSD AD (Bulgaria) ■ CSD of Bosnia and Herzegovina ■ CSD of Croatia ■ CSD of Lithuania ■ CSD of Montenegro ■ CSD of Serbia ■ CSD of the Slovak Republic ■ Cyprus Stock Exchange ■ Estonian CSD ■ Euroclear UK & Ireland ■ Euroclear Bank ■ Euroclear Belgium ■ Euroclear Finland ■ Euroclear France ■ Euroclear Netherlands ■ Euroclear Sweden ■ Helix (Greece) ■ Iberclear (Spain) ■ Icelands Sec. Depository ■ Interbolsa (Portugal) ■ KDPW (Poland) ■ Keler (Hungary) ■ Latvian CSD ■ Malta Stock Ex. ■ Monte Titoli (Italy) ■ OeKB (Austria) ■ SCP (Czech Rep.) ■ SIX SIS (Switzerland) ■ Romanian Central Depository ■ UNIVYC (Czech Rep.) ■ VP (Denmark) ■ VPS (Norway)

* In case there are new signatories of the Code. Some of which are not member of FESE, EACH or ECSDA (e.g. Chi-x). The new signatories of the Code and the A&I Guideline should be compliant with all three phases of the Code immediately (no grace period).

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The signatories of the Code, in line with the European Commission, share the objective of achieving greater efficiency and further integration of European capital markets. The measures of the Code of Conduct therefore are intended to facilitate the ability of investors to trade, clear and settle European

securities within a consistent, coherent and cost-efficient European framework.

The Code covers three phases, which were implemented according to the following timeline:

- Price Transparency: 31 December 2006
- Access and Interoperability: 30 June 2007
- Service Unbundling and Accounting Separation: 01 January 2008

Steps taken towards the implementation of the Code of Conduct

Price Transparency

The organisations signing the Code of Conduct believe that price transparency is an essential requirement for the integration of European capital markets and welcome measures in this direction. In order to further support ongoing individual efforts to increase price transparency, the organisations agreed on the following objectives:

- to enable customers to understand the services they will be provided with, and to understand the prices they will have to pay for these services, including discount schemes.
- to facilitate the comparison of prices and services, and to enable customers to reconcile ex-post billing of their business flow against the published prices and the services provided.

Going beyond the price transparency measures as defined in the Code, ECSDA developed a "Conversion Table" to help customers to understand and compare prices and services across CSDs. The conversion tables were completed by individual I/CSDs and published on the respective websites. CSDs are updating their conversion tables following the agreement on the ECSDA glossary and some organisations started specific initiatives (e.g. work on price simulators). For 2009 infrastructures have been in a maintenance mode and are committed to continue efforts of price transparency in 2010:

- Update price examples, if necessary.
- Ensure that price changes are publicly announced.
- Ensure that price changes are up-dated in conversion tables on a continuous basis.

Access and Interoperability

The implementation of the second phase is intended to enhance the ability of organisations to interconnect and, therefore, ultimately to increase freedom of choice for market participants.

FESE, EACH and ECSDA have successfully developed the *Access and Interoperability Guideline* under close consultation with the EU Commission. The Guideline provides common definitions, principles, conditions, and scenarios for the set-up of links between market infrastructure providers in the trading and post-trading sector. It is designed to encourage and facilitate the implementation of links in the future that will benefit customers, especially for cross-border transactions. On 28 June 2007, the Guideline was delivered - as agreed in the Code - to the EU Commission. It is recognized as

the centrepiece of the Code of Conduct. Since the adoption of the Guideline, more than 70 access requests have been made by organisations from all over Europe.

In 2008 FESE, EACH and ECSDA have developed a process to present progress in the A&I phase of the Code to the MOG and have agreed on a reporting template on a quarterly basis. A Requesting Party initiates the A&I progress reporting. It fills out the template and proposes wording on the status to the relevant Receiving Party. Once there is agreement on the status between both, the Requesting Party sends the report to its Association. The Associations ensure that all reports are collected and prepare a summary of the reports for the presentation to the MOG. The reports themselves are also made available to the MOG.

The most recent 4th progress report presented in the MOG delivered the following summary of progress on A&I requests from July 2009 to October 2009:

- Status implemented: 2 requests
- Status withdrawn: 14 requests
- Status on hold: 5 requests
- Status changed: 14 requests (1 from red to yellow; 4 from yellow to red, 1 from red/yellow to red, 2 from yellow to green; 1 from green to yellow; 2 from green to on hold; 1 from green to yellow/green)
- Status conflicting: 5 requests with split colours
- Status unchanged: 56 requests (red: 9, yellow: 8; green: 32; on hold: 3; split colours: 4)
- Status outstanding: 5

Most A&I requests are focusing on the Stock Exchange / CCP level.

In the CSD area there are consolidation/interoperability developments (e.g. Linkup Markets, Euroclear's NCSA acquisition).

The MOG believed that the quarterly reports provided by infrastructures have improved the transparency about how requests progress but considers that the template can be further enhanced.

Service Unbundling and Accounting Separation

The measures defined under the service unbundling and accounting separation phase of the Code are intended to further strengthen the transparency and efficiency of European capital markets and give customers flexibility when choosing which services to purchase.

In 2007, members of FESE, EACH and ECSDA started implementation of the measures set out in the third and final phase of the Code covering service unbundling and accounting separation. More specifically members of ECSDA conducted an internal impact analysis to identify potential gaps and unbundled their services and price lists accordingly. For accounting separation the preparatory work to segregate non-consolidated accounts was completed. Measures were put in place to be able to allocate revenues and costs to the defined Code services.

In order to make transparent the relation between revenues and costs of different services, Self-assessment Report on Service Unbundling & Accounting Separation and financial data were disclosed to the respective National Regulators in 2009. Further, Assurance Reports prepared by external

auditors on the basis of Self-Assessment Reports (SU & AS) and financial data, were disclosed to National Regulators.

Finally, signatories of the Code delivered General Implementation Reports on Price Transparency, Access & Interoperability and Service Unbundling & Accounting Separation for the years 2007 and 2008.

The timeline of deliverables provides an overview of next steps for 2010:



Annual Maintenance of the Code of Conduct

	2010											
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Price Transparency												
Update price examples, if necessary												
Ensure that price changes are made publicly available												
Ensure that price changes are up-dated in conversion tables												
Access & Interoperability												
Two progress reports per year on Access & Interoperability												
Associations send mail to Requestors												
Requestor send update to Receiver												
Both send agreed update to association												
Terms of Reference deliverables*												
Self-assessment Report on SU/AS and financial data to be disclosed to National Regulators (within 120 days)												
Assurance Report prepared by external auditor on basis of Self-assessment report (SU & AS) and financial data, to be disclosed to National Regulator (within 120 days)												
General Implementation Reports 2009 to be delivered to the MOG (within 150 days)												
Organisation's public statement on compliance with SU/AS incl. Auditor's Report												

* Identical with the financial statement year-end

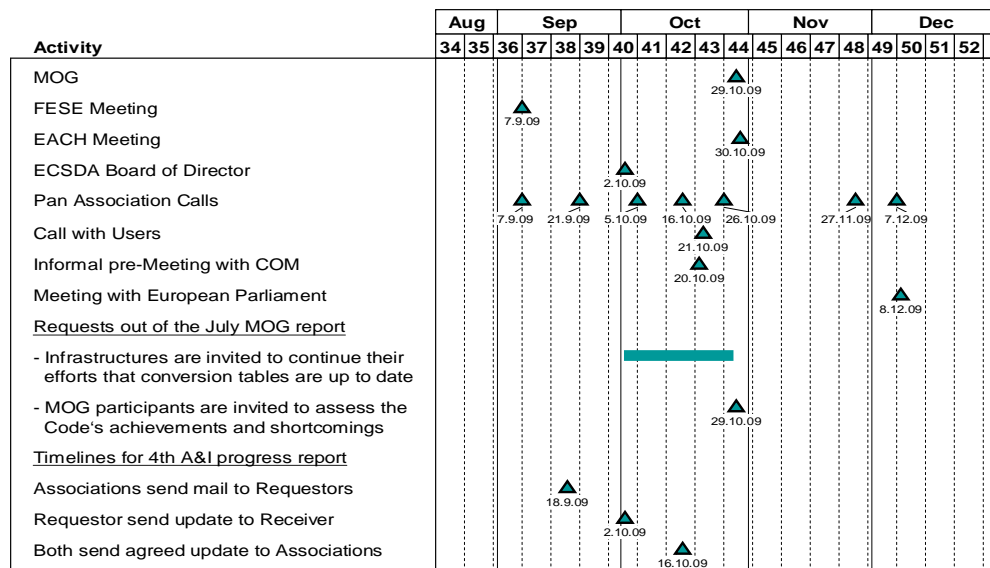
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Coordination with FESE and EACH and other stakeholders (EU Com, CESR, ECB, Users)

A set of conference calls has been regularly organised to coordinate the progress of implementing the Code together with FESE and EACH over the last year. These conference calls are essential to achieve consensus on different topics and to deliver a joint position of the three associations.

In addition, the three associations FESE, EACH and ECSDA have fostered a constructive dialogue with the main stakeholders including the European Commission, national regulators/CESR and the user community at the EU level to ensure that their views and needs are taken into account in the implementation process. The regular formal meetings of the Monitoring Group combined with numerous informal meetings with the Commission, CESR, MEP's and users facilitate common solutions.

Time schedule – second half of 2009



1

Feedback of the Monitoring Group (MOG)

The purpose of the eleventh meeting of the Monitoring Group of the Code of Conduct (MOG) was to reassess Code implementation and take stock of recent developments in the Code's three areas: price transparency, access and interoperability and service unbundling and accounting separation.

On *price transparency*, the MOG considers that there are three largely complementary tools that may improve comparability and transparency: price examples, conversion tables and price simulators, with the latter two being outside the direct scope of the Code. The MOG encourages CSDs to incorporate ECB suggestions on examples and simulators. In addition, to enhance comparability further, the MOG considers that it is necessary to further harmonise the definition of services.

On *access and interoperability*, the MOG believes that access and interoperability links between infrastructures are key to achieve user choice and competition. Existing links have delivered these benefits. In order to provide guidance to infrastructures involved in ongoing link requests, the MOG would like to reiterate a number of principles that (i) are enshrined in the Code and the Access and Interoperability Guideline and (ii) have been confirmed by previous discussions in the MOG and which have a bearing on ongoing link requests.

On *accounting separation*, the MOG welcomes the information provided by infrastructures on how they have complied with the external audit procedure. It invites infrastructures to ensure that each organisations public statement and summary of audit report is made publicly available. As the first external audit procedure has now been broadly completed, the MOG will shortly invite a selection of infrastructures, auditors, regulators and users to review the procedure in light of first experiences with the view to minimise costs and ensure a focus on the core purpose of making transparent the relation

between revenues and costs of different services as well as potential cross-subsidies between services.

General Conclusions of three years of the Code: Achievements, Shortcomings, and Obstacles

Achievements of the Code

The Code is following a self-regulatory approach and has proven its effectiveness by achieving all of its original objectives in time. It is fair to say that the original purpose of the Code – increasing the goal of greater efficiency and integration in Europe – has been achieved.

- The implementation of the three phases of the Code—price transparency, access and interoperability, as well as service unbundling and accounting separation—by our members should contribute significantly towards the goal of achieving a stronger and more efficient European capital market
- The Code of Conduct led to an improvement in price transparency, to an increase in competition and a decrease of the fees charged
- The Code has contributed as a catalyst of A&I initiatives across Europe: it has allowed a much deeper understanding of the regulatory and other barriers to overcome

The Oxera study confirmed that across financial centres, trading costs in terms of costs per transaction have decreased significantly since 2006

Shortcomings of the Code

Costly process for the Infrastructures requiring financial and organisational resources, e.g. the delivery of the different Self-assessment Reports, required in the audit procedure

Obstacles to the implementation of the Code

- Some Giovannini barriers are still in place requiring further work on the removal to fully benefit from the implementation of the Code
- Additional obstacles remain to cross-border clearing and settlement in Europe with regard to differences in regulatory and fiscal regimes

Broadly, participants of the MOG agreed that the Code has achieved a lot (i.e. significantly increased transparency, was a catalyst for link requests and has allowed a much deeper understanding of the barriers to cross-border service provision) but that more is needed in all three pillars of the Code. The Code has achieved significant results in the absence of a common legislative framework. The Code also helped to reveal additional regulatory problems that need to be properly addressed. In that respect, the Code was a success; it achieved tangible results in a relatively short period of time and provided a wealth of practical experience. Nonetheless, there are limits to what the Code can achieve as regards regulatory and commercial barriers. To address regulatory barriers, some participants called for a more proactive involvement of regulators as well as closer coordination.

Next steps

The ECOFIN Council¹ agreed with the conclusion of the EU Commission that further steps need to be taken to address the issues related to risk and regulatory barriers that have been highlighted by the Code of Conduct. The Council further invited the new Commission to continue work with the industry to resolve remaining challenges as regards price transparency and comparability, commercial and operational barriers to links and access and service unbundling in the post-trade sector.

¹ Please refer to ECOFIN Council Conclusions 2 December 2009, p. 30
http://www.consilium.europa.eu/uedocs/cms_Data/docs/pressdata/en/ecofin/111706.pdf

ECSDA working groups' main activities in 2009

"PUBLIC POLICY" EXPERT WORKING GROUP



OBJECTIVE : In accordance with ECSDA's objectives, WG2 provides advice to the ECSDA Board on current regulatory, policy and legal issues in Europe that affect ECSDA Members.

Many of the members of WG2 have been engaged actively in the legal and business streams established by the Eurosystem to help deliver an acceptable T2S Framework Agreement between the CSDs and the Eurosystem. Consequently WG2 did not meet frequently during 2009. However, the Working Group did meet to discuss and respond to CESR's consultation paper on UCITs Depositories and the Proposed Alternative investment Funds Directive in September 2009. CSDs were particularly concerned that a differential is made between a fund depository (a) delegating to a third party some obligations of the depository whereby that third party acts in the name, and on behalf, of the depository directly towards the fund; and (b) using the services of (for example, a CSD) in relation to the securities that make up the underlying assets of the fund. This cannot be regarded as a form of delegation or outsourcing; it is simply a question of the depository (or indeed the depository's agent) purchasing services from the relevant CSD. The WG continues to monitor this directive as it progresses through the European co-decision process.

WG2 is now focusing its work on the proposed European Markets Infrastructure Directive ("EMIL") and the Securities Law Directive ("SLD" and expects to devote considerable time to these issues during 2010. The WG is expecting detailed consultations from the Commission in the Spring of 2010 on both directives.

At the time of writing it is still unclear whether a new regulatory framework for CSDs will be proposed through EMIL (which currently focuses only on CCPs and OTC derivatives) or via SLD, or even through another framework. WG2 believes that it is important that CSDs are not included within either directive without due consideration of the business profile of CSDs and an acceptance of a broad functional approach to regulation in order to ensure that those entities with whom CSDs compete (and with whom they will compete even more in a post T2S world) are regulated in a similar way for similar functions with a similar risk profile."

"SETTLEMENT LINKS" EXPERT WORKING GROUP



In the first half of 2009 WG3 remained involved in the investigations on the status of the elimination of Giovannini Barriers 2 & 10 and 4 & 7. The investigations were carried out in joint cooperation with the European Securities Services Forum (ESSF) and the European Repo Council (ERC). The work ended for WG3 with a presentation to the CESAME2 Meeting, entitled UPDATE ON WORK TO ADDRESS BARRIERS 2&10 AND 4&7 (8 June 2009). The presentation suggested that the existing standards for the removal of the Barriers are sufficient, but that there is a lack of compliance in some markets.

In another cooperation with the ESSF, WG3 collected feedback from the CSDs on the proposed ESSF standards for buy-in procedures.

In the second half of the year WG3 was invited by T2S to provide information on existing measures in support of market discipline. In response to that WG3 delivered the report MARKET DISCIPLINE REGIMES IN EUROPE (September 2009). The report provides detailed information on existing measures along the life-cycle of an instruction, starting from measures in support of early matching and ending with measures in support fast settlement of fail transactions. The report does, however, not include statistical data, i.e. it contains no information of the effectiveness of the measures.

Statistical data were needed soon after. The task force for the elimination of Giovannini Barrier 6 (harmonisation of settlement cycles) was interested to obtain from WG3 information on the time by which instructions are matched in the various markets and information on how many transactions fail to settle on the intended settlement date. By that time the ESCB/CESR Recommendations had just been published.

They requested that ECSDA develops a harmonised methodology for statistics on settlement fails and other market discipline issues. WG3 therefore started to work on the methodology and on the collection of the data to fulfil both requests. This work is expected to be complete in early 2010.

"HARMONISATION" EXPERT WORKING GROUP



During 2009, ECSDA WG5 continued its strong cooperation with the various working groups involved in the removal of Barrier 3 of the Giovannini Report as well as in the delivery of the Target 2-Securities (T2S) ECB project:

- the **Corporate Action Joint Working Group (CAJWG)**, working on standardisation in Corporate Action processing
- the **Joint Working Group on General Meetings (JWGGM)**, aimed at the standardisation of rules for General Meeting (taking care of the contents of the Shareholders Directive)
- the **T2S Corporate Action Sub-Group (CASG)**, defining criteria for the harmonisation of corporate actions processes having impact in settlement system (market claims, transformations, buyer protection rules)

Members of WG5, as ECSDA representatives, contributed to all the above mentioned groups to support standardisation and provide ECSDA point of view.

CAJWG has already finalized its standards; the final release was introduced to the European Commission in Brussels in 2009 and officially endorsed to all associations (including ECSDA, European Issuers and EBF).

CASG is still working and its standards will be finalized in the next meeting in Brussels (4th february), to be officially introduced to the CSDs in a plenary session in Brussels (5th february); the final version of the standards will then be endorsed.

The JWGGM has just finalized its Market Standards and it launched the process of formal endorsement that is going to be completed in early 2010.

The ECSDA WG5 Task of contributing to the standardisation of Corporate Action processing and on General Meetings could be considered as successfully completed.

Administration

MAIN CHANGES IN ECSDA ADMINISTRATION IN 2009

Resignation of Directors of ECSDA Board and nomination of new Directors:

Mrs Katrin Sagar, who has been representing the Estonian Central Securities Depository, resigned on 6 February 2009 as Director. She represented the Estonian Central Securities Depository since January 2006. Mrs. Julia Segerkrantz was appointed Director at the General Meeting of 6 February 2009 to continue her mandate.

Dr. Tim May, who has been representing Euroclear UK and Ireland, resigned on 6 February 2009 as Director. He represented Euroclear UK and Ireland since June 2004. Mr. Yannic Weber was appointed Director at the General Meeting of 6 February 2009 to continue his mandate

Mr. Guy Schuermans, who has been representing Euroclear Nederland, resigned on 20 May 2009 as Director. He represented Euroclear Belgium since 3 June 2005. Mr. Pierre Sclechten was appointed Director at the General Meeting of 20 May 2009 to continue his mandate.

Mr. Stéphane Bernard, who has been representing Euroclear Belgium, resigned on 20 May 2009 as Director. He represented Euroclear Belgium since 20 September 2002. Mr. Pierre Sclechten was appointed Director at the General Meeting of 20 May 2009 to continue his mandate.

Mr. Anso Thiré, who has been representing Euroclear Bank, resigned on 20 May 2009 as Director. He represented Euroclear Bank since June 2004. Mr. Paul Symons was appointed Director at the General Meeting of 20 May 2009 to continue his mandate.

Mr. Joseph Zammit Tabona, who has been representing the Malta Stock Exchange, resigned on 20 May 2009 as Director. He represented the Malta Stock Exchange since January 2007. Mr. Mark A. Guillaumier was appointed Director at the General Meeting of 20 May 2009 to continue his mandate.

Mrs Elzbieta Pustola, who has been representing KDPW (Poland), resigned on 2 October 2009 as Director. She represented KDPW since January 2006. Mrs. Iwona Sroka was appointed Director at the General Meeting of 2 October 2009 to continue her mandate.

Mr Mark A. Guillaumier, who has been representing the Malta Stock Exchange, resigned on 2 October 2009 as Director. He represented the Malta Stock Exchange since 20 May 2009. Dr. Arthur Galea Salomone was appointed Director at the General Meeting of 20 May 2009 to continue his mandate.

All the mandates will terminate at the General Meeting of 21 May 2010 where elections will take place

These nominations have been published in the Belgian Gazette.

Resignation of ECSDA member

The Latvian Central Depository resigned as ECSDA member on 20 May 2009.

This resignation has been published in the Belgian Gazette.

EXTERNAL AUDITOR

The General Meeting of 20 May 2009 approved the renewal of the mandate of Ernst & Young as Auditor, member of the "Institut des Réviseurs d'Entreprises", for three years ending at 31 December 2011.

SPECIAL ACTIVITIES OF THE CONTROLLER OF THE ACCOUNTS

The General Meeting of 20 May 2009 re-elected Mr. Johannes Luef as Controller of the accounts for the financial year 2009.

During this year, he has not carried out any other assignments other than the duties to supervise and audit all the Association's transactions. Therefore, as Directors of the Association, he has not received any remuneration, as described in the by-laws of the Association.

The results of his work are submitted in the present report to the General Meeting.

2009 Accounts

Annual accounts per December 31, 2009 (in euro)

1. Balance Sheet:

Assets		Liabilities	
Buildings	0	Financial Liabilities	0
Machinery and equipment	0	Suppliers	0
Furniture and vehicles	0	Members Liabilities	0
Stocks	0	Taxes, remuneration and social security	0
Amounts receivables	60.000	Other liabilities	0
Investment	0		
Cash at bank	948.707		
- Short term deposit	910.000		
- Current account	38.707		
Other assets	0		
Total of assets	1.008.707	Total of liabilities	0
		Reserves (note 5)	1.008.707

2. Profit & Loss Account :

Costs		Income	
Goods and services	0	Membership fees (note 2)	740.000
Remunerations	0	Donations/gifts	0
Services and other goods (note 3)	147.274	Grants	0
Other costs	247	Other income (note 4)	4.698
Total costs	147.521	Total income	744.698
Result (profit) (note 5)	597.177		

Notes to the accounts

1. Accounting policies:

Reporting currency and accounting principles

The financial statements of ECSDA are prepared and maintained in euro. As ECSDA is not subject to the accounting legislation which governs large associations in Belgium, it has been able to define its own accounting policies. These policies are based on generally accepted accounting principles in Belgium and are summarized below.

Tangible fixed assets

The tangible fixed assets are valued at their acquisition cost and are depreciated in a linear way over their estimated useful life.

Cash and short-term deposits

Both the cash and short-term deposits are valued at their nominal value and, if necessary, write-downs are accounted for.

Liabilities and receivables

The liabilities and receivables are valued at their nominal value in the Association's balance sheet.

Contributions

The membership fees are recognised in the profit and loss account in the relevant year.

Charges

Charges are recognised in the profit and loss account in the relevant year and, if necessary, provisions are accrued for.

2. Membership fees:

The total annual contribution paid by ECSDA members for the year 2009 amounts to 740,000.00 €.

3. Services and other goods:

WEBSITE – HOSTING (Ambientia)	6.216
EXTERNAL AUDITOR	5.808
OTHER EXPERT & CONSULTANCY FEES	65.225
INSURANCES (prof. Indemnity, D&O)	5.189
NAME PROTECTION	2.299
ORGANISATION OF MEETINGS	10.000
MEMBERSHIP (FAIB)	165
SPONSORSHIP	50.000
OTHER EXPENSES	2.372
TOTAL	147.274

4. Other income:

Interest income amounts to 4.698 €.

5. Allocation of result:

The ECSDA P&L account shows a profit of 597.177 € which, when added to the profit brought forward at the end of 2008, or 411.530,00 €, will amount to 1.008.707 € at the end of 2009.

Report of the Controller of accounts for 2009

I have audited the 2009 financial statements for ECSDA, according to my election as auditor at ECSDA's Annual General Meeting in Budapest on May 20, 2009.

The audit

The audit is conducted in accordance with auditing standards generally accepted, requiring that I plan and perform the audit to obtain high degree of certainty that the financial statements are free of material misstatement. The audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, and I believe that my audit provides a reasonable basis for my opinion.

Conclusion

In my opinion, the financial statements give a true and fair view of the association's assets, liabilities and financial position as at 31. December 2009 and of the result of the company's activities and cash flow for the financial year 2009 in compliance with general accepted accounting principles.

Copenhagen, 14 April 2010

The Controller of Accounts,

Johannes Luef

VP Securities A/S
Weidekampsgade 14
2300 Copenhagen S
Denmark

Statutory auditor's report for 2009

STATUTORY AUDITOR'S REPORT TO THE GENERAL MEETING OF MEMBERS OF EUROPEAN CENTRAL SECURITIES DEPOSITORIES ASSOCIATION (ECSDA) AISBL ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2009

In accordance with the legal and statutory requirements, we report to you on the performance of our mandate of statutory auditor. This report contains our opinion on the financial statements as well as the required additional comments.

Unqualified opinion on the financial statements

We have audited the financial statements for the year ended 31 December 2009, prepared in accordance with the financial reporting framework applicable in Belgium, which show a balance sheet total of € 1.008,707 and a profit for the year of € 599,177.

Responsibility of the board of directors for the preparation and fair presentation of the financial statements

The board of directors is responsible for the preparation and fair presentation of the financial statements. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Responsibility of the statutory auditor

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the legal requirements and the auditing standards applicable in Belgium, as issued by the Institute of Registered Auditors (*Institut des Reviseurs d'Entreprises*). Those standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

In accordance with these standards, we have performed procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

In making those risk assessments, we have considered internal control relevant to the association's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the association's internal control. We have evaluated the appropriateness of accounting policies used, the reasonableness of significant accounting estimates made by the association and the presentation of the financial statements, taken as a whole. Finally, we have obtained from the board of directors and the association's officials the explanations and information necessary for executing our audit procedures. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

In our opinion, the financial statements for the year ended 31 December 2009 give a true and fair view of the association's financial position and the results of its operations in accordance with the financial reporting framework applicable in Belgium.

Additional comments

The association's compliance with the Law of 27 June 1921 for not-for-profit associations (*Loi sur les associations sans but lucratif, les associations internationales sans but lucratif et les fondations*) and its articles of association, is the responsibility of the board of directors.

Our responsibility is to include in our report the following additional comments, which do not modify the scope of our opinion on the financial statements:

- Without prejudice to formal aspects of minor importance, the accounting records were maintained in accordance with the legal and regulatory requirements applicable in Belgium.
- We do not have to report any transactions undertaken or decisions taken in violation of the association's articles of association or the Law of 27 June 1921 for not-for-profit associations (*Loi sur les associations sans but lucratif, les associations internationales sans but lucratif et les fondations*).

Brussels, 21 May 2010

Ernst & Young Réviseurs d'Entreprises SCCRL
Statutory auditor
represented by

Jean-François Hubin
Partner

Controller of accounts

Johannes Luef

Statutory auditor

Ernst & Young
Réviseurs d'Entreprises SCCRL
De Kleetlaan, 2
1831 Diegem

Mr. Jean François Hubin
Partner

ECSDA Executive Committee

CHAIRMAN

Joël Mérére

VICE-CHAIRMEN

Mark Gem
György Dudás

SECRETARY

Elzbieta Pustola²

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