



RECOMMENDATION OF THE EXECUTIVE COMMITTEE
WITH REGARDS TO THE HAGUE SECURITIES CONVENTION

Introductory Note: In December 2002, the final wording of the *Convention on the Law Applicable to Certain Rights in Respect of Securities held with an Intermediary*, known as the Hague Securities Convention, was concluded and agreed on. The Convention was signed on July 5, 2006 by the United States of America and Switzerland (these first signings determined the date of the Convention).

On March 1, 2007, during its 9th General Assembly in Mexico City, ACSDA voted to endorse a resolution for the Executive Committee to issue a statement advocating the positive benefits which our financial industry, as intermediaries serving the investing public, will achieve through ratification and enactment of the Hague Securities Convention by national governments. This recommendation was reviewed during an official ACSDA Executive Committee Meeting on April 11, 2007 in Seoul, Korea, during CSD9, and finalized on May 14, 2007.

We hope that our statement will encourage all countries to urgently progress their review, toward expediting ratification of this convention, where relevant to local practice. We particularly urge governments in our own ACSDA countries where securities are held through intermediaries, whether at home or abroad, to expedite their review and, where they agree, expedite their ratification of the Convention. The Executive Committee of the Americas' Central Securities Depositories Association (ACSDA) has been advised by ACSDA's Legal Committee, which has familiarized itself with the terms and the conditions of the above Convention over the past several years. As a result, the Executive Committee and the Legal Committee are in agreement that this Convention will truly contribute to

alleviating the legal uncertainty with regards determining the applicable law for important practical matters relating to the holding, transfer and granting of guarantees or pledges with regards securities held with an intermediary, thus helping to reduce a critical component of legal risk.

Bearing in mind the above, and the fact that ACSDA has been monitoring the Hague proceedings as a supportive observer since the early discussion stages of this Convention and has recognised its relevance from its very conception, the Executive Committee of the Association now specifically recommends that the member institutions of ACSDA and their respective countries direct their efforts as soon as possible toward analysing the Hague Securities Convention and consider signing and ratifying said treaty at the nearest possible future date.

In preparing this recommendation, the Executive Committee was asked to also note the Legal Committee's willingness to offer support to any ACSDA member country, especially as regards providing any information, history and material that might be necessary for a prompt study of the Hague Securities Convention, in order to expedite progress toward ratification and enactment of the Convention.

For more information about ACSDA, see <www.acsda.org>.

On behalf of the Executive Committee
Mary Ann Callahan, President
Americas' Central Securities Depository Association (ACSDA)

Note: At this time, this recommendation is not joined by Depósito Centralizado de Valores de Colombia DECEVAL S.A., which will need to conclude the review that is being undertaken in conjunction with the relevant entities in the Colombian market before endorsing the recommendation, which it reserves the right to do at some future date.