



EUROPEAN COMMISSION
Internal Market and Services DG

FREE MOVEMENT OF CAPITAL, COMPANY LAW AND CORPORATE GOVERNANCE

Brussels, 28 July 2006
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**TO THIERRY STOLL,
ACTING DIRECTOR-GENERAL DG MARKT**

EU Clearing and Settlement - Legal Certainty Group

Please find enclosed the advice of the Legal Certainty Group.

The central element of the advice is a description of principles for new legislation about the legal effects of book entries. If the Commission feels that such new legislation merits further investigation, the Group stands ready to elaborate further, perhaps by making specific suggestions for the content of the new legislation, and by suggesting how legislation might most efficiently abolish restrictions relating to the issuer's ability to choose the location of its securities.

In any event, you will note that the Group is waiting for specific legal issues to be exposed by the trade groups investigating the commercial aspects of differences in national legal provisions affecting corporate action processing, and for the final shape of the Commission's proposal for a directive on the exercise of shareholders' voting rights to be known.

The Group will next meet on October 2nd, and looks forward to receiving feedback from the Commission before then if possible.

Pierre Delsaux
Chairman of the Legal Certainty
Group

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