



INTERNATIONAL INSTITUTE FOR THE UNIFICATION OF PRIVATE LAW  
INSTITUT INTERNATIONAL POUR L'UNIFICATION DU DROIT PRIVE

DIPLOMATIC CONFERENCE TO ADOPT A  
CONVENTION ON SUBSTANTIVE RULES REGARDING  
INTERMEDIATED SECURITIES

**Committee on Emerging Markets Issues,  
Follow-up and Implementation  
Third Meeting  
Istanbul, 11 – 13 November 2013**

UNIDROIT 2013  
S78B/CEM/3/Doc. 1  
Original: English  
July 2013

### **ANNOTATED AGENDA**

1. Opening of the meeting
2. Adoption of the Agenda
3. Colloquium on Financial Markets Law
4. Consideration of follow-up and promotional measures to implement the UNIDROIT Convention on Substantive Rules for Intermediated Securities
5. Consideration of State legislative measures to implement the UNIDROIT Convention on Substantive Rules for Intermediated Securities, in particular in emerging countries
6. Consideration of the preparation of a Legislative Guide on Principles and Rules Capable of Enhancing Trading in Securities in Emerging Markets
7. Consideration of activities to promote the dissemination and national implementation of the UNIDROIT Principles on the Operation of Close-Out Netting Provisions
8. Other business

## **Annotations to the Agenda**

### **Item No. 1 – Opening of the meeting**

1. The Committee on Emerging Markets Issues, Follow-Up and Implementation (hereinafter “the Committee”), established by the diplomatic Conference to Adopt a Convention on Substantive Rules regarding Intermediated Securities, will hold its third meeting in Istanbul, on 11–13 November 2013. The meeting will be opened on Monday, 11 November 2013, at 9 a.m., and will close on Wednesday, 13 November, 2013, at 6 p.m. The venue of the meeting will be The Marmara Hotel (Taksim) [<http://taksim.themarmarahotels.com>]. Other practical and logistical information can be accessed on the UNIDROIT website at: <http://www.unidroit.org/english/studies/study78b/main.htm>.

2. The first two days of the meeting (11 and 12 November 2013) will take the form of an open Colloquium on Financial Markets Law (agenda item 3). The third day of the meeting (13 November 2013) will consider the other items of the provisional Agenda, and will be open to the members of the Committee, delegates of other States, representatives of organisations, and invited observers.

### **Item No. 3 – Colloquium on Financial Markets Law**

3. The Colloquium on Financial Markets Law, to be held on 11-12 November 2013, will consider action taken by emerging markets to create a favourable environment for trading in intermediated securities, with particular emphasis on enhancing financial integrity under national law. The Colloquium will discuss the disparities between national law and the UNIDROIT Convention on Substantive rules for Intermediated Securities (hereinafter “the Geneva Securities Convention” or “the Convention”), the need for national and cross-border insolvency rules, the potential effect of corporate governance systems on securities trading, and the role of specialized investment instruments. The Colloquium will also discuss the impact of the UNIDROIT Principles on the Operation of Close-Out Netting Provisions (hereinafter “The Principles on Close-Out Netting”) in reducing systemic and counter-party risk in emerging markets and the manner in which they may be incorporated into national law. A detailed programme will be circulated in due course.

### **Item No. 4 – Consideration of follow-up and promotional measures to implement the UNIDROIT Convention on Substantive Rules for Intermediated Securities**

4. The diplomatic Conference that approved the Geneva Securities Convention, requested UNIDROIT, in its capacity as Depositary of the Convention, to make all appropriate efforts to organise activities with a view to promoting awareness and understanding of the Convention and assessing its continued effectiveness in light of relevant contemporary developments in market circumstances and trends in market regulation, and also with a view to encouraging the Convention’s early entry into force and its signature, ratification, and acceptance (UNIDROIT 2009 - CONF. 11/2 – Doc. 41, Resolution No. 3). The Committee and the Secretariat will present the follow-up and promotional measures taken to implement the Convention.

### **Item No. 5 – Consideration of State legislative measures to implement the UNIDROIT Convention on Substantive Rules for Intermediated Securities, in particular in emerging countries**

5. The UNIDROIT Secretariat prepared an Accession Kit intended to advise potential contracting parties on how to best incorporate its provisions into their domestic legal systems, as a first step to assist States in the implementation of the Convention (UNIDROIT 2010 - S78B/CEM/1/Doc. 3). An initial draft of

the Accession Kit was submitted to the Committee at its first session in 2010, which requested dividing the Kit into two separate documents: one, a declarations Memorandum (UNIDROIT 2011 – DC11/DEP/Doc. 1)); and, two, a document on Information for Contracting States in respect of the Convention's references to sources of law outside the Convention (UNIDROIT 2010 - S78B/CEM/2/Doc. 2). The latter document was presented and discussed at the second meeting of the Committee in 2012 and, at the request of the Governing Council, further developed based on comments from experts and other organisations.

6. The Committee will receive State reports on the legislative measures taken to incorporate the provisions of the Convention into State legal systems, with particular emphasis on emerging markets, will discuss the utility of the document on Information for Contracting States in respect of the Convention's references to sources of law outside the Convention (UNIDROIT 2010 - S78B/CEM/2/Doc. 2) in national implementation efforts, will finalize the draft of the document, and will examine the manner in which it may be incorporated into a Legislative Guide (agenda item 6).

#### **Item No. 6 – Preparation of a Legislative Guide on Principles and Rules Capable of Enhancing Trading in Securities in Emerging Markets**

7. The UNIDROIT General Assembly, at its 65<sup>th</sup> session in 2009, following the diplomatic Conference that approved the Geneva Securities Convention, included the drafting of a "legislative guide containing principles and rules capable of enhancing securities trading in emerging markets" (A.G. (65) 10, §§ 18 et 26) in the UNIDROIT Work Programme. The Governing Council, during its 89<sup>th</sup> session in May 2010, then requested the examination of potential efforts to draft a Legislative Guide, assigning medium/low priority until drafting on the Principles on Close-Out Netting was completed.

8. Upon adoption of the Principles, at its 92<sup>nd</sup> session in May 2013, the Governing Council took note of the advances achieved at the first and second meetings of the Committee and elevated the priority given to the work on drafting the Legislative Guide. The Council also encouraged the Committee to establish the scope, content and methodology at its third meeting in November 2013. For that purpose, the Committee, at its second meeting, set-up an informal working group to draft a proposal on these issues for consideration by the full Committee at the third meeting.

#### **Item No. 7 – Consideration of activities to promote the dissemination and national implementation of the UNIDROIT Principles on the Operation of Close-Out Netting Provisions**

9. The UNIDROIT General Assembly included preparation of principles and rules on netting of financial instruments in the triennial Work Programme of the Organisation as a matter of high priority, at its 67<sup>th</sup> session, in December 2010. The Secretariat convened a Study Group, which presented draft Principles to a Committee of governmental experts in 2012, which in turn finalised draft Principles on the Operation of Close-out Netting Provisions at its second session in February 2013 and presented them for approval of the Governing Council at its 92<sup>nd</sup> session in May 2013. The Governing Council commended the Committee of governmental experts for completion of the draft Principles on the Operation of Close-out Netting Provisions and adopted them, together with the accompanying comments. The Governing Council also requested the Secretariat take steps to promote the widespread dissemination and national implementation of the Principles, to be discussed by the Committee.