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Item No. 8 on the Agenda: Transactions on transnational and connected capital markets

(memorandum prepared by the UNIDROIT Secretariat)

<i>Summary</i>	<i>Report on the state of work of the Study Group on Item 1 ("Harmonised Substantive Rules regarding Securities Held with an Intermediary")</i>
<i>Action to be taken</i>	<i>None</i>
<i>Related documents</i>	<i>Study LXXVIII – Docs 18 and 19</i>

1. In September 2001, UNIDROIT had embarked on this project on the assumption that legal certainty and economic efficiency in the global securities market suffer from inconsistencies inherent in the phenomenon of holding of securities through intermediaries.
2. Since then, the Study Group met five times under the chairmanship of Mr B Sen, member of the UNIDROIT Governing Council. The fifth and last meeting of the Group took place in Budapest, Hungary, in September 2004. The names of the members of the Group and a detailed presentation of the work of the Study Group as well as of the promotion of the project by the Secretariat can be found in UNIDROIT 2004 Study LXXVIII Doc. 19, p. 1 *et seq.*
3. The Secretariat submitted the proposal for a preliminary draft Convention on Harmonised Substantive Rules regarding Securities Held with an Intermediary (UNIDROIT 2004 Study LXXVIII Doc. 18) and the Explanatory Notes (UNIDROIT 2004 Study LXXVIII Doc. 19) to the UNIDROIT Governing Council on 3 December 2004. Following a decision by the Council taken at its 83rd session, its members were called upon deciding by correspondence on whether to proceed to the intergovernmental phase or not.
4. Following the reactions received by 23 December 2004, the Secretariat communicated Docs. 18 and 19 at the same date to the UNIDROIT member States, accompanied by an invitation to participate in the 1st session of a Committee of Governmental Experts for the preparation of a draft Convention on Harmonised Substantive Rules regarding Securities Held with an Intermediary, to be held in Rome on 9-20 May 2005.

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