



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

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Follow-up and Implementation
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**ANNOTATED DRAFT OUTLINE
LEGISLATIVE GUIDE ON PRINCIPLES AND RULES CAPABLE OF ENHANCING TRADING IN
SECURITIES IN EMERGING MARKETS**

Explanatory Note

1. The present document provides an annotated draft outline for a possible legislative guide on principles and rules capable of enhancing trading in securities in emerging markets. The task of elaborating a legislative guide (or other international instrument on the topic) was added to UNIDROIT's Work Programme by the General Assembly at its 65th Session and was assigned to the Committee on Emerging Markets issues (the "Committee"). The Committee itself was established by the diplomatic Conference that adopted the UNIDROIT Convention on Substantive Rules for Intermediated Securities in 2009 (the "Convention").

2. The Committee has met on two occasions: the first in Rome in 2010 to discuss the follow-up to the Convention and feasibility of a legislative guide; and the second in Rio in 2012 to discuss possible legislative measures to implement the Convention and incorporate it into domestic law. The Governing Council of UNIDROIT took note, with great interest, of the results of the first two meetings, and elevated the priority given to this work at its 92nd session in May 2013, encouraging the Committee, at its third meeting, to be held 11-13 November in Istanbul, to establish the scope, content and methodology for the legislative guide or other instrument.

3. The annotated outline was drafted to assist the Committee in that task. It proved a list of topics that are integral to viable securities trading that could be useful to a legislative guide or principles on securities trading in emerging markets, and useful in the implementation of the Convention. The topics were chosen for the manner in which they associate with the various aspects of a working securities market, including aspects such as the creation of the market, oversight of the exchange process, the securities themselves, operation of the exchange, and other related topics.

4. The legal issues involved in a securities exchange are myriad, such that they involve regulation/public law, private law, and sometimes a hybrid of both. Due to the myriad nature of the issues, the outline has been modified so that each subtopic corresponds to a text-type, intended to mark the nature of the topic (see legend below).

5. The outline is also accompanied by annotations which provide some explanatory information on the topics accordingly to four criteria: whether the issue is regulatory or not, whether it is public or private law, whether UNIDROIT or another international organization has worked (or is currently working) on the issue, and whether the issue could be completed by the Committee within a realistic timeframe for drafting of the proposed instrument.

5. Topic Legend: In the text of the draft outline, regulatory and public law items are represented in gray text. Public and private law hybrid items are represented in black text. Private law items are represented in bold text.

-- Topic Legend --	
Regulatory/Public Law:	Gray Text
Hybrid (Public/Private) Law:	Black Text
Private Law Items:	Bold Text

ANNOATED DRAFT OUTLINE

LEGISLATIVE GUIDE ON PRINCIPLES AND RULES CAPABLE OF ENHANCING TRADING IN SECURITIES IN EMERGING MARKETS

I. CREATION

- a. Activities of trade organizers in the securities markets
- b. Establishment of a stock (or other market) exchange and rights of its members
- c. Stock exchange charter
- d. Stock exchange rules
- e. Requirements of a stock exchange
- f. Organization of trading on a stock exchange
- g. Regimented markets and non-regimented markets
- h. Nature / types of securities**
- i. Role of intermediaries**
- j. Stages of issuance of securities in public and private placement
 - i. Process for determination of initial price
 - ii. Contractual and propriety relationships between issuer, intermediaries & underwriters, and account holders
- k. Registration of a securities issue and a securities prospectus
- l. Requirements to a securities prospectus
- m. Private contracts**

II. OVERSIGHT

- a. Supervision of intermediaries
- b. Regulated markets vs. unregulated markets
- c. Issuer regulation
 - i. Information disclosure
 - ii. Prohibition of insider information
 - iii. Parameters of advertising information in the stock market
 - iv. Regulation of the securities market
 - 1. Government agency that oversees regulation of market
 - 2. Self-Regulatory Organizations
- d. Governmental agencies that control market oversight
- e. Investor associations**
- f. Issuance process
- g. Independent auditing
- h. Framework for disclosure, prevention of insider trading, and other forms of market abuse and conduct of market participants

III. SECURITIES

- a. Nature of Securities**
 - i. Intermediated / non-intermediated securities**
 - ii. Certificated / non-certificated securities**
- b. Nature of account holder rights (including proprietary rights) in intermediated securities**
- c. Types of Securities**
 - i. Equity**
 - 1. Shares
 - 2. Collective Investment Schemes
 - 3. Mutual funds
 - 4. Trusts
 - 5. Special Purpose Vehicles
 - ii. Debt**
 - 1. Corporate bonds
 - 2. Municipal bonds
 - 3. Government bonds
 - 4. Treasury bills
 - iii. Derivatives**

1. **Swaps**
2. **Options**
3. **Futures**
4. **Other derivatives**
- iv. **Investment certificates**
- v. **Savings (deposit) certificates**
- vi. **Promissory notes**
- vii. **Asset-backed securities**
- viii. **Commodities**

IV. OPERATIONS

- a. Equal access of market participants
- b. Holding Infrastructure
 - i. Condition of issuing shares/securities
 - ii. Central securities depository
 - iii. No-look-through
- c. **Custody of securities**
 - i. **Registration of securities**
 - ii. **Ownership of securities**
- d. **Transfer of securities**
 - i. **Convention**
- e. **Non-convention law**
- f. **Role and significance of collateral**
- g. Securities settlement systems and securities clearing systems
- h. Voting rights / dividends, interest, and other distributions
- i. **Fungibility and Segregation of securities**
 - i. **Fungibility of securities; interchangeable shares, but with ownership attachment guaranteed in holding;**
 - ii. **Different segregation models.**

V. RIGHTS AND OBLIGATIONS OF THE PARTIES

- a. Rights
 - i. Investors (account holder/shareholder)
 1. Attached rights (shareholder)
 - a. Voting rights
 - b. Income distribution / dividends
 - c. Control over board of directors
 - d. Preference in stock subscription
 2. Right to dispose of securities (account holder)
 3. Right to use as collateral for a loan (account holder)
 4. Right to hold other than with intermediary
 - ii. Transfer and creation of interests in favor of third parties
 1. Intermediated securities
 - a. Creation – third party effectiveness
 - b. Transfer – third party effectiveness
 - c. Non-consensual interests
 - d. Form of security devices (including title transfer)
 - e. Priority
 - f. Innocent acquisition
 - g. Enforcement
 2. Non-intermediated securities
 - a. Creation – third party effectiveness
 - b. Transfer – third party effectiveness
 - c. Non-consensual interests
 - d. Form of security devices (including title transfer)
 - e. Priority

- f. Innocent acquisition
 - g. Enforcement
 - iii. Intermediaries
 - 1. Possible indemnification situations
 - b. Obligations
 - i. Intermediaries
 - 1. Holding of sufficient securities
 - a. Correction methods
 - b. Loss sharing methods
 - 2. Segregation of securities
 - 3. Allocation of securities
 - 4. Information disclosure
 - 5. Pass through of dividends, interest, and other distributions
 - ii. Issuer actions
 - 1. Information disclosure requirements
 - a. Identification of relevant parties
 - b. Financial reporting
 - c. Material event reporting
 - c. Liability
 - i. Account Holders
 - 1. Fraud
 - 2. Insider trading
 - 3. Prohibited trading practices
 - ii. Issuers
 - 1. Fraud
 - 2. Publication
 - 3. Prohibited trading practices
 - 4. False, misleading or deceptive statements, promises and forecasts
 - 5. Insider trading
 - 6. Failure to disclose information
 - iii. Intermediaries
 - 1. Fraud
 - 2. Prohibited trading practices
 - 3. False, misleading or deceptive statements, promises and forecasts
 - 4. Failure to disclose information
 - 5. No-look-through
 - iv. Companies
 - 1. Fraud
 - 2. Prohibited trading practices
 - 3. Insider trading
 - 4. False, misleading or deceptive statements, promises and forecasts
 - 5. Failure to disclose information
 - d. Sanctions
 - i. Administrative sanctions
 - ii. Criminal sanctions
 - iii. Administrative/penal liability
 - e. Insurance and comparable schemes

VI. INSOLVENCY

- a. Administration
 - i. Parties
 - 1. Intermediary
 - 2. Account holder
 - 3. Corporation
 - ii. Timing of process
 - iii. Types of proceedings
 - 1. Rehabilitation
 - 2. Liquidation
 - iv. Insolvency administration
- b. Substantive issues

- i. Effectiveness of interests in insolvency
 - 1. Intermediary v. account holder
 - 2. Intermediary v. third party
 - 3. Account holder v. third party
- ii. Account holder v. other account holders
- iii. Loss-sharing in insolvency
- iv. Set-off
- v. Enforcement, top-up and substitution, avoidance
 - 1. Recognition of title transfer
 - 2. Enforcement of security interest
 - 3. Protection of top-up and substitution
- vi. Account holder claims in insolvency of intermediary
 - 1. Segregation
 - 2. Account holder priority
 - 3. Shortfall
 - 4. Avoidance
 - 5. Loss sharing / distribution
 - 6. Asset recovery
- c. Cross border insolvency

VII. CONFLICT OF LAWS

- a. Issue in cross-border transactions
- b. Hague Securities Convention
- c. Choice of law rule
- d. Fall-back rules
- e. Third-party rights
- f. Change of the applicable law
- g. Insolvency proceeding

ANNOTATIONS

I. CREATION

1. The first step in securities trading is creating a securities exchange. Its creation may develop among private transactions, but eventually it falls under the control of a State, thus making it public law. Not all parts of the creation process are entirely of public concern, however.

2. Topics I (a)-(g) and (k)-(l): The majority of the issues involved in the creation of the securities exchange are non-regulatory in nature, but are dealt with by State authorities, or parties designated by the State. This means that these issues are public law and fall outside UNIDROIT's traditional scope of activities.

- *Non-regulatory, public considerations. Not covered by UNIDROIT and may take over two to three years to complete.*

3. Topics I (h)-(i): The nature/types of securities and the role of intermediaries are private law issues, as they deal with the choice an issuer makes on what security to issue and the contractual activities of the intermediary in a securities exchange. Both issues are dealt with directly in the Geneva Securities Convention. Since there has been prior work done on the issues, it is likely they could be dealt with within the two-year timeframe.

- *Non-regulatory, private law issues. Covered by UNIDROIT.*

4. Topic I (j): The stages of the issuance process is not an issue of regulation, but more an issue involving both public and private law. The State, or State-designated parties, develops the process, and private parties use it in individual cases or transactions. The issue has not readily been handled by another international organization, nor has UNIDROIT dealt with it directly; however, the issue is one vital to a securities exchange and has been successfully implemented by many nations. For that reason.

- *Non-regulatory, hybrid law issue. Not covered by UNIDROIT or other organizations.*

5. Topic I (m): Private contracts can be many things, but in this case, the issue deals with the contract between an exchange and a member. Exchanges are run, day-to-day, by members of the exchange. These members have certain obligations and benefits that are put into place by a contract between the parties. The issue has not been dealt with by other international organizations, though much like the stages of the issuance process, many nations have handled the issue in successful implementations of securities exchanges.

- *Non-regulatory, private law issue. Not covered by UNIDROIT or other organizations.*

6. Topic I (Creation), concerns the general framework of an efficient, modern securities market. Without dealing with the process behind the creation of a securities market, there is no possibility a market can operate in an understandable and acceptable manner. There are issues that the State deals with directly and are outside the scope of a possible legislative guide. However, there are other issues involved with the creation of a securities market that the Committee may consider.

II. OVERSIGHT

7. Oversight deals with the regulation of the securities market, including disclosure, regulation, and process. The aim is to initially set up a system and to continually observe it for inefficiencies or illegal activity on the part of the participants.

8. Topics II (a)-(d) and (g)-(h): The vast majority of issues involving oversight of a securities market are regulatory in nature, thus meaning that they are public law and handled by the State for implementation and for operation. Since these issues are public law, and also other international organizations.

- *Regulatory, public law issues. Not covered by UNIDROIT.*

9. Topic II (e): There are, however, exceptions to all oversight issues being purely the realm of public law and regulation. One of the issues is investor associations. These associations are comprised of private parties that may operate to provide advice, support, and a limited amount of self-regulation for the securities exchange participants. Because an association is an agreement between parties, it does not directly fall under public law considerations. Investor associations are not covered by international organization work.

- *Non-regulatory, private law issue.*

10. Topic II (f): The issue of a securities exchange having a known and protected issuance process is not strictly regulatory in nature, and, since it involves private parties issuing securities to other private parties through the issuance process, it is not strictly a public law consideration. As such, a known and protected issuance process is a hybrid between public and private law. It has not been covered by previous multilateral work; yet, since the issuance process is a known quantity in already existing and functioning securities exchanges, it is likely that the committee could handle the issue within a compressed timeframe.

- *Non-regulatory, hybrid law issue. Not covered by multilateral work.*

11. Topic II (Oversight) generally implies State regulation, traditionally outside the scope of the Committee's work. However, there are sub-issues within oversight that may, instead, have private law implications. These issues have important consequences that may interest the Committee.

III. SECURITIES

12. Securities are the heart of a securities trading. While the State may take interest in creating and overseeing a securities exchange, private parties (investors, intermediaries, and issuers) are focused on the intricacies of the what, the how, and the why of the securities. Individual parties make the choice of securities, whereas the securities' form (or creation of the form's parameters) is set up by the organization/State that has created the system.

13. Topics III (a)-(c): The nature of the securities, the nature of the shareholder's rights in intermediated securities, and the types of securities deal with property and contract law, meaning they fall under traditional private law interests and previous UNIDROIT work, including the Geneva Securities Convention. IOSCO has also addressed securities. This means that much of the groundwork of the issue is completed and well documented, though the more complicated types of securities, such as CIS and derivatives, can prove be challenging and require more time to include in a legislative guide.

- *Non-regulatory, private law issues. Covered by UNIDROIT.*

14. Topic III Securities are the essential tool of a securities market. It is vital, if the market participants are to accept the market, the securities must be clearly defined and with the legal allowances and constraints of the securities known to the participants.

IV. OPERATIONS

15. Securities market operations can be covered by both private and public law. The private law aspect of operations is the property/contract law that applies to the ownership and holding of the securities, either by the intermediary or by the owner of the securities. Public law concerns how the system ensures adequate property protection during transfer/exchange of securities, how the securities exchange handles property rights in terms of the holding process (no-look through, central securities depository, etc.), an efficient and monitored securities settlement system/clearing system, and fungibility/segregation of securities.

16. Topics IV (a)-(b): Equal access to the market and the holding structure within a market are regulatory in nature. The State sets the parameters of access to a securities market through oversight and regulation, while it implements the securities holding structure through legislation. These two issues are public law and outside the traditional scope of a legislative guide on private law issues.

- *Regulatory, public law issues. Not covered by multilateral work.*

17. Topics IV (c)-(e) and (h): Custody of the securities, the transferring of those securities, securities role as collateral in a transaction, and the fungibility and segregation of those securities are all private law matters. These topics are directly involved in the transactions and contracts between parties. Furthermore, these issues are covered extensively in the Geneva Securities Convention, with additional work by other international organizations, such as the EU, FBO, IOSCO, and the G30.

- *Non-regulatory, private law issues. Covered by the Geneva Securities Convention.*

18. Topics IV (f)-(g): Securities settlement and clearing systems, along with the voting rights and interests associated with the securities, are a hybrid of public and private law considerations. The State sets up the settlement and clearing systems, oversees the operations, but leaves the matter to other parties. The voting rights and interests associated with the securities are partially statutorily

established by the State, but can be enhanced through contractual negotiations by the parties in the transaction. UNIDROIT has handled the securities settlement and clearing systems issue before, whereas no international organization has directly dealt with the voting rights and other interests associated with the securities. However, there is abundant information available on these issues and several international organizations and associations are covering this work, including the International Finance Corporation of the World Bank and the OECD.

- *Non-regulatory, hybrid law issues.*

19. If the creation of the market is about building the host by which the market operates, then Topic IV – Operations concerns the circulatory system of the market. The issues found under the operation of a securities market range from regulation, to a mix of State and private interests, to finally the interactions between private parties.

V. RIGHTS, OBLIGATIONS, AND LIABILITIES

20. Rights are those benefits and privileges associated with ownership or possession of securities. These rights fall under property and contract law, thus rendering them private law matters. However, there are public law considerations as to how these rights are statutorily created, recognized, and distributed. There are minimum rights associated with ownership and/or possession, but these rights can be enhanced through contractual negotiations. Yet, rights are only part of the package for investors, intermediaries, and third parties. Just as rights are associated with ownership or possession of the securities, obligations and liabilities provide important additional considerations. All parties may have obligations set by statute, property law, or by contract. These obligations may then lead to liabilities on the part of the party for bad management or wrongdoing, including such things as fraud and failure to disclose information. Finally, there are purely regulation/public law issues of State sanctions and insurance structure. One involves State functions to establish remedies and penalties, while the other is a framework allowing for participants to protect themselves against the actions of another party in a transaction or in the securities exchange.

21. Topic V (a): Rights are a hybrid of public and private law, since they are initially created and recognized by the State. There are the rights associated with investors, due to contract and property law considerations. There are also rights that may be attributed to intermediaries and third parties (such as those future investors who are in the process of negotiating the purchase of the securities). Multilateral organizations have dealt with this issue before.

- *Non-regulatory, hybrid law issue. Covered by UNIDROIT.*

22. Topic V (b): As previously stated, obligations are a hybrid of public and private law. There are statutory obligations on the part of participating parties to a securities transaction, just as there are contractual obligations negotiated by parties involved. Just like rights, obligations are discussed under the Geneva Securities Convention, and by the Hague Convention and CPSS.

- *Non-regulatory, hybrid law issue. Covered by UNIDROIT.*

23. Topic V (c): Liabilities follow in the wake of obligations. Liabilities are a hybrid issue, with certain liabilities being created by the State through legislation and other liabilities being created through a contract. Liability, like rights and obligations, has previously been discussed by UNIDROIT and other international organizations.

- *Non-regulatory, hybrid law issue. Covered by UNIDROIT.*

24. Topics V (d)-(e): Sanctions and the insurance structure are regulatory in nature and, thus, not within the expected scope of a private law instrument. Furthermore, these issues have not been handled by other international organizations. As there is no prior discussion existing for these issues, it is possible any work on the topic would require lengthy study.

- *Non-regulatory, public law issues. Not covered by UNIDROIT.*

25. Topic V, Rights, Obligations and Liabilities are interconnected, and fall under both private and public law. The property rights (and associated obligations) are attached to the securities throughout the transaction and ownership process. It is important that these rights and obligations are clearly outlined and known to participants before, during, and after the transaction. Obligations are similar to the rights associated with securities, but focused instead on the obligations of those parties involved. Obligations can be attached to investors, intermediaries, or even third parties. A large part of an efficient securities market is also issuer disclosure requirements. Liabilities are associated with improper behaviour by one of the transaction's participants, such as fraud, failure to disclose information, or contractual liabilities associated with breach of contract

VI. INSOLVENCY

26. Insolvency is a key vital complement to a healthy securities market. There will never be a time where all participants will be financially viable/healthy, and it is important that there be an orderly process to take care of parties in case of insolvency. Otherwise, the complexity of an insolvent intermediary or investor could damage or plague a securities market.

27. Topic VI (a): The administration of the insolvency process is almost entirely a function of the State. As such, it is a public law topic, though it is partially covered by UNIDROIT in the Geneva Securities Convention, and by UNCITRAL.

- Non-regulatory, public law issues. Covered by UNIDROIT.

28. Topics VI (b)-(c): Insolvency involves both private and public law. General parameters are set up by the State, part of the process is operated and overseen by the State, but there are still private law considerations between the various parties involved, such as between the owner of the security and an intermediary, or the investor and a third party. The issue of insolvency has been handled by in the Geneva Securities Convention, and by UNICITRAL.

- *Non-regulatory, hybrid law issues. Covered by UNIDROIT.*

29. Topic VI on Insolvency is a vital component of any instrument which intends to promote securities trading. No matter how successful a securities exchange can be, there must be in place a framework to deal with the eventuality that a party in a transaction will no longer be able to uphold its part of a transaction. As a result, a functional framework must provide for the orderly arrangement of payments under local law.

VII. CONFLICT OF LAWS

30. A conflict of laws system allows the parties to a transaction to determine (or have determined by a third party) relevant jurisdictional and choice of law issues during a conflict between parties, when the transaction involves cross-border movements and foreign law. The Hague Conference on Private International Law has previously examined the issue of applicable law and in 2006 adopted the Convention on the Law Applicable to certain rights in respect of Securities Held with an Intermediary. For further information, please consult the Hague Conference webpage at:

http://www.hcch.net/index_en.php?act=conventions.text&cid=72.

ANNEX 1**SAMPLE FINAL OUTLINE****I. CREATION**

- a. Nature / types of securities
- b. Role of intermediaries
- c. Stages of issuance of securities in public and private placement
 - i. Process for determination of initial price
 - ii. Contractual and propriety relationships between issuer, intermediaries & underwriters, and account

II. SECURITIES

- a. Nature of Securities
 - i. Intermediated / non-intermediated securities
 - ii. Certificated / non-certificated securities
- b. Nature of account holder rights (including proprietary rights) in intermediated securities
- c. Types of Securities
 - i. Equity
 - 1. Shares
 - 2. Collective Investment Schemes
 - 3. Mutual funds
 - 4. Trusts
 - 5. Special Purpose Vehicles
 - ii. Debt
 - 1. Corporate bonds
 - 2. Municipal bonds
 - 3. Government bonds
 - 4. Treasury bills
 - iii. Derivatives
 - 1. Swaps
 - 2. Options
 - 3. Futures
 - 4. Other derivatives
 - iv. Investment certificates and savings (deposit) certificates
 - v. Promissory notes
 - vi. Asset-backed securities
 - vii. Commodities

III. OPERATIONS

- a. Custody of securities
 - i. Registration of securities
 - ii. Ownership of securities
- b. Transfer of securities
 - i. Convention
- c. Role and significance of collateral
- d. Securities settlement systems and securities clearing systems
- e. Voting rights / dividends, interest, and other distributions
- f. Fungibility and Segregation of securities
 - i. Fungibility of securities; interchangeable shares, but with ownership attachment guaranteed in holding;
 - ii. Different segregation models.

IV. RIGHTS AND OBLIGATIONS OF THE PARTIES

- a. Rights
 - i. Investors (account holder/shareholder)
 - 1. Attached rights (shareholder)
 - a. Voting rights
 - b. Income distribution / dividends
 - c. Control over board of directors

- d. Preference in stock subscription
 - 2. Right to dispose of securities (account holder)
 - 3. Right to use as collateral for a loan (account holder)
 - 4. Right to hold other than with intermediary
- ii. Transfer and creation of interests in favor of third parties
 - 1. Intermediated securities
 - a. Creation – third party effectiveness
 - b. Transfer – third party effectiveness
 - c. Non-consensual interests
 - d. Form of security devices (including title transfer)
 - e. Priority
 - f. Innocent acquisition
- b. Obligations
 - i. Intermediaries
 - 1. Holding of sufficient securities
 - a. Correction methods
 - b. Loss sharing methods
 - 2. Segregation of securities
 - 3. Allocation of securities
 - 4. Information disclosure
 - 5. Pass through of dividends, interest, and other distributions
- c. Liability
 - i. Intermediaries
 - 1. Fraud
 - 2. Prohibited trading practices
 - 3. False, misleading or deceptive statements, promises and forecasts
 - 4. Failure to disclose information
 - 5. No-look-through

V. INSOLVENCY

- a. Substantive issues
 - i. Effectiveness of interests in insolvency
 - 1. Intermediary v. account holder
 - 2. Intermediary v. third party
 - 3. Account holder v. third party
 - ii. Account holder v. other account holders
 - iii. Loss-sharing in insolvency
 - iv. Set-off
 - v. Enforcement, top-up and substitution, avoidance
 - 1. Recognition of title transfer
 - 2. Enforcement of security interest
 - 3. Protection of top-up and substitution
 - vi. Account holder claims in insolvency of intermediary
 - 1. Segregation
 - 2. Account holder priority
 - 3. Shortfall
 - 4. Avoidance
 - 5. Loss sharing / distribution
 - 6. Asset recovery
- b. Cross border insolvency

Note on Sample Outline

The sample outline is considerably narrower focused than the draft outline. For the most part, the topics removed from the sample outline are public law or regulatory issues, thus meaning they are not necessarily a primary concern for private law unification. These topics include much of the creation topic, all of oversight, parts of operations, rights and obligations, and insolvency. Other topics were removed from the sample outline because they have been extensively worked on by other international organizations. For instance, UNCITRAL has extensively worked on insolvency, while the Hague Conference has extensively worked on conflict of law issues. Finally, several topics and subtopics could be considered secondary issues towards the overall goal of a legislative guide for establishing a securities exchange in an emerging market, such as the issue of liabilities. Liabilities are the next step after the rights and obligations of the parties have been established. Using these considerations, the draft outline has, as an example, had select topics removed. This is only a sample outline, and by no means implies a preferred final list of topics.