



BULLETIN – 071120/04

ICMSA Guidelines for the Issuance of Confidential Securities within the ICSDs

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As issuance volumes in the international marketplace continue to increase at rates never before experienced, the ICSDs (Euroclear SA/NV and Clearstream Banking Luxembourg) have in parallel noticed a significant increase in the number of issues being created with a confidentiality marker set to “Yes”. In light of the increase in the use of the “confidential” marker for securities, the ICMSA believe it is in the interest of the marketplace to outline some guidelines for the creation of such securities within the ICSDs.

To assist the primary market with determining the proper use of the confidentiality flag, the ICSDs feel it is important to underline the associated consequences of identifying a security as confidential vis-à-vis the market. Such securities, when created within the ICSDs:

- are not displayed to the ICSD’s clients via their respective websites or to external third party entities that access these websites
- are suppressed from any ICSD data feeds to third party data vendors, thus ensuring the security is not available or visible to any external parties.

The ICSDs wish to avoid data discrepancies where:

- securities marked as confidential are listed on a Stock Exchange, this results in the security being made available to third parties, either directly by the Stock Exchange themselves or via third party data vendors that receive a data feed from the Stock Exchange.
- securities are identified as confidential to the Paying Agent and ICSDs, but details of the issuance have been provided to third party data vendors (e.g. Bloomberg, Reuters and Telekurs)
- one ICSD is requested to make an issue confidential, but the other ICSD is not, this impacts the consistency of the reference data between the two ICSDs and the availability of the security details to external parties.

The ICMSA therefore recommends that:

1. publicly listed securities are not created as confidential.
2. the request of confidentiality be made consistently to all intermediaries involved in the issuance chain.
3. appropriate internal procedures are in place to advise the Issuing and Paying Agent for the issue and/or the ICSDs when the confidential marker must be removed.