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**GOVERNING COUNCIL**  
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**Item No. 6 on the agenda: Transactions on transnational and connected capital markets**

**(c) Principles and Rules on the Netting of Financial Instruments**

(Memorandum prepared by the Secretariat)

<i>Summary</i>	<i>Report on the progress made concerning the preparation of principles and rules on the netting of financial instruments</i>
<i>Action to be taken</i>	<i>See paragraph 3, below</i>
<i>Mandate</i>	<i>Work Programme 2011-2013</i>
<i>Priority level</i>	<i>High</i>
<i>Related documents</i>	<i>C.D. (89) 17, paras. 97-101; Study LXXVIIIIC – Doc. 2</i>

**INTRODUCTORY REMARKS**

1. At its 89<sup>th</sup> session (Rome, 10-12 May 2010), the Governing Council took note of a memorandum prepared by the Secretariat on the subject of possible future work on the netting of financial instruments and confirmed the great practical and economic interest of the subject. The Council took note, with satisfaction, of the likelihood of extra-statutory financial support becoming available for this project. The Council strongly recommended to the General Assembly the inclusion of this project in the Work Programme and the allocation of sufficient resources in order for it to be carried out as a matter of high priority (C.D. (89)17, para. 101). The General Assembly, at its 67<sup>th</sup> session (Rome, 1 December 2010), approved those recommendations (A.G. (67)9 rev., para. 39).

2. The first meeting of a study group to consider the scope of possible principles or rules on netting of financial instruments, will be held in Rome from 18 to 21 April 2011. Professor Stanislaw Soltysinski, member of the UNIDROIT Governing Council, has agreed to chair the meeting (the full list of participants is contained in Annex I). The Study Group will use as a basis for its deliberations

a Report on “The need for an international instrument on the enforceability of close-out netting in general and in the context of bank resolution”, which was prepared by Philipp Paech, London School of Economics and Political Science, at the request of the Secretariat (Study LXXVIIIIC – Doc. 2). Professor Soltysinski and the Secretary-General will brief the Council orally on the work done at the meeting.

**ACTION TO BE TAKEN**

3. *The Secretariat would invite the Council to take note of the progress recorded by the Secretariat in connection with the preparation of principles and rules on the netting of financial instruments.*

**ANNEX I****UNIDROIT Study Group on Principles and Rules on the Netting of Financial Instruments***First Meeting - Rome, 18 – 21 April 2011***LIST OF PARTICIPANTS**

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*Representing Mr. Hans KUHN*

Mr Stanislaw SOLTYSINSKI  
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