

INTERNATIONAL STANDARD

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Banking and related financial services — Securities — Format of Eurobonds

*Banque et services financiers liés aux opérations bancaires — Valeurs
mobilières — Format des Eurobonds*



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Foreword

ISO (the International Organization for Standardization) is a worldwide federation of national standards bodies (ISO member bodies). The work of preparing International Standards is normally carried out through ISO technical committees. Each member body interested in a subject for which a technical committee has been established has the right to be represented on that committee. International organizations, governmental and non-governmental, in liaison with ISO, also take part in the work. ISO collaborates closely with the International Electrotechnical Commission (IEC) on all matters of electrotechnical standardization.

Draft International Standards adopted by the technical committees are circulated to the member bodies for voting. Publication as an International Standard requires approval by at least 75 % of the member bodies casting a vote.

International Standard ISO 8109 was prepared by Technical Committee ISO/TC 68, *Banking and related financial services*.

This second edition cancels and replaces the first edition (ISO 8109:1985), which has been technically revised.

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Introduction

Since the end of the 1960s, states, governmental and supranational institutes, businesses and companies throughout the world have raised large amounts of money in internationally traded currencies by issuing bonds, notes, debentures and similar bearer securities outside their own countries. For this purpose the issuers usually engaged syndicates of foreign finance institutes as managers, underwriters and/or sellers; by means of the international capital markets, mainly the so-called Euromarket, they were able to place these securities with investors throughout the world. The issuing is regularly followed by a more or less lively trading in these securities; a large proportion of these issues being listed on one or more stock exchanges. The securities are either kept by the investors themselves, or, in most cases, entrusted to banks and brokers, who in turn in many cases pass them on to the custody of central clearing institutes or central depositories.

This issue activity, which constitutes an important part of the so-called Euromarket (even though it extends far beyond the borders of Europe), has continued to develop and expand.

Those who are entrusted with the handling of the securities themselves have a difficult task because of the large number of security sheets involved. The process of handling, beginning with the delivery for the initial placement, followed by the settlement of the trades, and ending with the safekeeping and administration (collection of interest and capital due, exercising of options, etc.), is rendered all the more difficult through having formats that often vary substantially from those that are customary in the country of the custodian. The reason being that, until 1982, no comprehensive regulations for the format of Eurobonds existed. The format is only subject to regulations when, and this is by no means the rule, the securities are admitted to listing on a stock exchange.

However, some stock exchanges have no regulations concerning the securities format provided, or if they have, these are sometimes so loosely conceived that even when the Eurobonds are admitted on a given stock exchange, their format may be unacceptable to those responsible for handling them.

There is, therefore, an urgent need for an International Standard defining and laying down the format characteristics for Eurobonds, this standardizing of the format leading to a rationalization of the administration of Eurobonds and an overall reduction in costs.

Recently, various possibilities of scanning securities electronically have been devised. This International Standard takes this into account. It is to be expected, however, that any institution that acquires machines for the electronical scanning of securities, will wish to use these not only for Eurobonds, but for other securities as well. Consequently, a separate International Standard (ISO 9144) deals with the position and structure of the optical character recognition line on all types of securities.

Banking and related financial services — Securities — Format of Eurobonds

1 Scope

This International Standard specifies the format characteristics of Eurobonds, for example, physical representation of Eurobonds with regard to size, paper, printing, layout and contents. The format specified in this International Standard may be used for all Eurobonds irrespective of issuer or place of issue. The format specified in this International Standard may not be applicable to Eurobonds whose format is regulated by national entities.

This International Standard applies to Eurobonds as defined in clause 3. However, any contrary applicable law, rule, regulation or stock exchange requirement, whether or not having the force of law, has preference. Where these regulations do not specifically apply or require performance to a lesser extent than that required under this International Standard, the latter shall apply.

2 Normative references

The following standards contain provisions which, through reference in this text, constitute provisions of this International Standard. At the time of publication, the editions indicated were valid. All standards are subject to revision, and parties to agreements based on this International Standard are encouraged to investigate the possibility of applying the most recent editions of the standards indicated below. Members of IEC and ISO maintain registers of currently valid International Standards.

ISO 216 1975, *Writing paper and certain classes of printed matter — Trimmed sizes — A and B series*.

ISO 1073-2:1976, *Alphanumeric character sets for optical recognition — Part 2. Character set OCR-B — Shapes and dimensions of the printed image*.

ISO 1831 1980, *Printing specifications for optical character recognition*.

ISO 3166 1988, *Codes for the representation of names of countries*.

ISO 4217:1990, *Codes for the representation of currencies and funds*.

ISO 6166 1987, *Securities — International securities identification numbering system (ISIN)*.

ISO 9144 —¹⁾, *Securities — Optical character recognition line — Position and structure*.

3 Definition

For the purposes of this International Standard, the following definition applies.

Eurobonds: Printed debt instruments mostly in bearer form, initially offered entirely or to a large extent outside the country of the borrower or issued by a supranational organization, which are free of any governmental regulations, provide for payment of principal and interest free of withholding tax and are marketed internationally.

4 General layout and sizes

4.1 General layout

4.1.1 The Eurobond consists of

- a) the security sheet which shows the general data of the Eurobond concerned,
- b) the coupon sheet, if any, which contains the coupons for the payment of interest.

1) To be published