

FESE response to the 2nd public consultation on the User Requirements of TARGET2-Securities

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1. Introduction

The Federation of European Securities Exchanges (FESE) is a not-for-profit international association (AISBL), representing the operators of the European regulated markets and other market segments, comprising the markets for not only stocks and bonds, but also financial, energy and commodity derivatives. Established in 1974 as a small forum of stock exchanges in Europe, FESE today has 24 Full Members representing close to 40 securities exchanges from all the countries of the EU and Iceland, Norway, and Switzerland, as well as several corresponding members from other non-EU countries.

On 18 December 2007, the ECB launched a second public consultation on TARGET2-Securities User Requirements (the “User Requirements”). FESE has prepared the following response to this consultation.

2. FESE response to the 2nd public consultation on the User Requirements of TARGET2-Securities

FESE welcomes the opportunity to provide feedback on the User Requirements as we believe the competitiveness of Europe’s capital markets relies on the efficiency of links between trading, clearing and settlement and the effectiveness of Regulated Markets depends on the efficiency of the entire value chain, of which settlement is a key component.

We have analysed the User Requirements and welcome the fact that FESE is included as “**Interest group**” (item 2.1.5 Interest Groups) and that stock exchanges routing pre-matched trades or settlement instructions on behalf of trading participants to CSDs are included under “**T2S parties**” (2.1.6.2 T2S Parties).

We believe the User Requirements reflect the close relation between stock exchanges and settlement infrastructures particularly on **Chapter 5 - Instruction lifecycle management and matching requirements, Chapter 7 - Settlement processing requirements and Chapter 16 - Static data requirements.**

3. Conclusion

FESE members welcome the User Requirements and wish to continue contributing actively to efficient settlement in Europe. We are glad to note that FESE is recognised as an “Interest group” and that certain stock exchanges will be considered “T2S Parties” as Regulated Markets route pre-matched trades or settlement instructions to the settlement infrastructures. We look forward to being part of the future governance structure of T2S to ensure an appropriate representation of the trading arrangements of regulated markets in Europe and to contribute to the development phase of T2S with the technical expertise of our members.