



PRESS RELEASE

16 May 2001

ESF COMMITMENT TO HORIZONTAL CONSOLIDATION OF THE EUROPEAN CAPITAL MARKET

We have seen press reports that Deutsche Börse is seeking to gain majority control of Clearstream. At first sight this seems a move in the wrong direction. This is because we believe that a vertical silo of trading, clearing and settlement in a single group leads to higher costs for market users and investors.

As explained in our Principles (see our website at www.eurosf.com), which embody the views of the ESF's 28 member banks, vertical silos tend to lead to cross-subsidisation of trading platforms by earnings from clearing and settlement. Vertical silos can thus prevent the major cost savings and economies of scale, which could be achieved through horizontal integration of Europe's clearing systems and through consolidation of settlement. We continue accordingly to favour a merger between Clearstream and Euroclear.

However we need to see the details of such a proposal before reaching a considered view.

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