



PRESS RELEASE

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European Securities Forum agrees principles for the provision of central counterparty services

The ESF wish to see a single European central counterparty and has been encouraged by the agreement between LCH and Clearnet. This is the type of consolidation that the ESF is calling for and will produce considerable efficiencies for the industry. It is important that such mergers include all interested parties to maximise the benefits, and for the plans to move forward rapidly.

The ESF believe that the design of a European central counterparty should satisfy the following principles:

1. A single legal entity delivering central counterparty and netting services on a European basis.
2. The single central counterparty should deliver
 - A reduction in risk at a member and systemic level
 - Savings in investment and running costs
 - Reliability, scalability and integrity of service
3. The central counterparty should be able to handle all products and be open to all providers of trading systems. Netting for equities should be a key priority.
4. Ownership and governance of the central counterparty should be separate from that of trading platforms and, in the foreseeable future, from settlement providers.
5. The central counterparty should be user governed.
6. The central counterparty should be a not-for-profit institution with a majority user ownership.
7. A single legal jurisdiction should govern the central counterparty.
8. Regulation of a European central counterparty should be located ideally within a single regime. Or effective co-operation between regulators should minimise the duplication of compliance required by members.

The ESF recognise that not all sections of the industry will benefit equally from such a change and the impact on the private client community will need to be considered.

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european securities forum

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Background information on ESF

The 24 members of the ESF (previously ESIUG) represent the largest investment houses across Europe providing a pan-European perspective on the industries' needs and wishes. The forum was established to further progress towards an efficient pan-European capital market infrastructure. The ESIUG established principles for the settlement infrastructure which are available on the web-site (www.esiug.com soon to be re-labelled www.eurosf.com).

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