

Towards an integrated clearing and settlement process in Europe: The role of the largest operators in the European securities markets

Agenda

- Assessment of the current landscape of clearing & settlement in Europe
- Concurring objectives of public authorities and private sector institutions
- The challenging transition from analysis to implementation
- Cooperation – the recipe for success
- Conclusions

Assessment of the current landscape of clearing & settlement in Europe

- The value of analytical work performed by CPSS-IOSCO, ISSA, G 30, Giovannini Group, ESCB-CESR, EU Commission
- The current state of consolidation and integration – strategy vs. reality
- Risks of delaying harmonisation and integration
- Challenges of the implementation phase

Concurring objectives of public authorities and private sector institutions

- The objective of the EU to create an integrated European capital market by 2005

„If the EU financial market is to compete on a global scale, it must be deep, liquid, efficient, safe, transparent and cost-effective... If the costs of using European clearing and settlement systems are too great, or if the infrastructure does not support the desired functionality, then market participants might not invest in those markets or use other, potentially more risky, methods to achieve the finalisation of cross-border transactions.”

Concurring objectives of public authorities and private sector institutions

- Objectives of the ESCB-CESR Joint Working Group compared with the key principles of the European Securities Forum:
 - Integration
 - Safety, efficiency, avoidance of systemic risk
 - Cost reduction
 - Level playing field

The challenging transition from analysis to implementation

- Key role of the Communication on clearing and settlement by the EU Commission
- The role of the European Securities Forum representing major market users
- The role of other public and private sector institutions in Europe (ECSDA, CESR, ECB, EBF)
- Structural issues of clearing and settlement: starting point or result of the process?
- Key impediments and obstacles on the road to harmonisation and integration

Cooperation – the recipe for success

- Creating an integrated European capital market: a case for division of labour and cooperation between the public and private sector
 - The highest priorities where no involvement of political and regulatory bodies is required: communication standards as a basis for interoperability and standardisation of clearing and settlement periods
 - The highest priorities involving political and regulatory bodies
- The need to establish leadership in initiating and coordinating the implementation process in Europe

Cooperation – the recipe for success

- Cooperation among competitors: a case for ‘coopetition’
- The need of active participation of all relevant constituencies
- Harmonisation and integration in Europe compatible with global standards

Conclusions

- Europe's competitiveness is at stake
- We know what has to be done – let's do it, without further delay
- The task ahead of us is too challenging to allow anything but cooperation
- Further consolidation will result from harmonisation and integration
- Call for a European solution