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PRESS RELEASE

CESR AND ESCB CONSULT ON RECOMMENDATIONS FOR SECURITIES CLEARING AND SETTLEMENT SYSTEMS AND CENTRAL COUNTERPARTIES IN THE EUROPEAN UNION

The Committee of European Securities Regulators (CESR) and the European System of Central Banks (ESCB) have published today the document entitled “Draft recommendations for securities clearing and settlement systems and draft recommendations for central counterparties in the European Union” for public consultation in the context of the joint work being undertaken by the ESCB and the CESR in the field of securities clearing and settlement. Part 1 of the consultation paper contains 19 recommendations, which deal with central securities depositaries (CSDs), and Part 2 contains 15 recommendations regarding central counterparties (CCPs), which aim to increase the safety, soundness and efficiency of securities clearing and settlement systems and CCPs, respectively. The annexes include an assessment methodology and a glossary of terms.

The recommendations are based on the recommendations for securities settlement systems of November 2001 and the recommendations for CCPs of November 2004 issued by the Committee on Payment and Settlement Systems and the Technical Committee of the International Organization of Securities Commissions (CPSS-IOSCO).

The initial work by the ESCB-CESR in this area was frozen in 2005 owing to open issues regarding scope, content and the legal basis of the ESCB-CESR recommendations. On 3 June 2008, the ECOFIN Council invited the ESCB and the CESR to adapt and finalise the former draft entitled “Standards for securities clearing and settlement in the European Union” by autumn 2008, respecting a number of principles, namely: (i) the adopted text should take the form of non-binding recommendations solely addressed to public authorities and not to market participants; (ii) its scope should include international central securities depositaries and exclude custodian banks; and (iii) on credit and liquidity risk controls, the benchmark accepted by the G10 – namely CPSS-IOSCO Recommendation 9 for securities settlement systems of 2001 — should be adopted. The ESCB and the CESR resumed its work in June 2008 and revised the recommendations in line with the ECOFIN Council’s principles taking into account all recent regulatory and legal developments and other initiatives.

The draft recommendations are now addressed to regulators and overseers and, once finalised, will be used as a regulatory tool by them. Interested parties are, therefore, encouraged to analyse the documents in detail. The recommendations are interlinked and need to be viewed as a package; reading individual recommendations in isolation could be misleading. It would be helpful if comments could, whenever possible, be accompanied by precise details of the likely impact of the recommendations.



It is important to note that whilst the recommendations no longer address the supervision of custodian banks, which nevertheless play an important function in clearing and settlement, further work is being undertaken by the Committee of European Banking Supervisors (CEBS) to ensure a level playing-field. To this end, the CEBS has participated as an observer in the ESCB-CESR, while the CESR and the ESCB are participating as observers in the work led by the CEBS to review the relevant rules applicable to custodians.

The ESCB and the CESR welcome contributions from all interested parties, be they clearing and settlement service providers, intermediaries, banks, investment services firms, issuers, institutional investors or industry and trade associations, and especially from retail investors and their organisations. Contributions should be received by 23 January 2009. When responding, please refer to the respective recommendation and paragraph number. All contributions received will be made public, including publication on the internet, unless it is clearly indicated that the author does not consent to such publication.

The ESCB and the CESR will jointly organise an open hearing pertaining to these recommendations on 9 December 2008 in the CESR office in Paris. To participate in the open hearing, interested parties should register online on the CESR's website, under the section hearings.

Comments should be submitted to the ECB (or the respective NCB) at the following address and to the CESR's website (www.cesr.eu) under the section Consultations:

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