

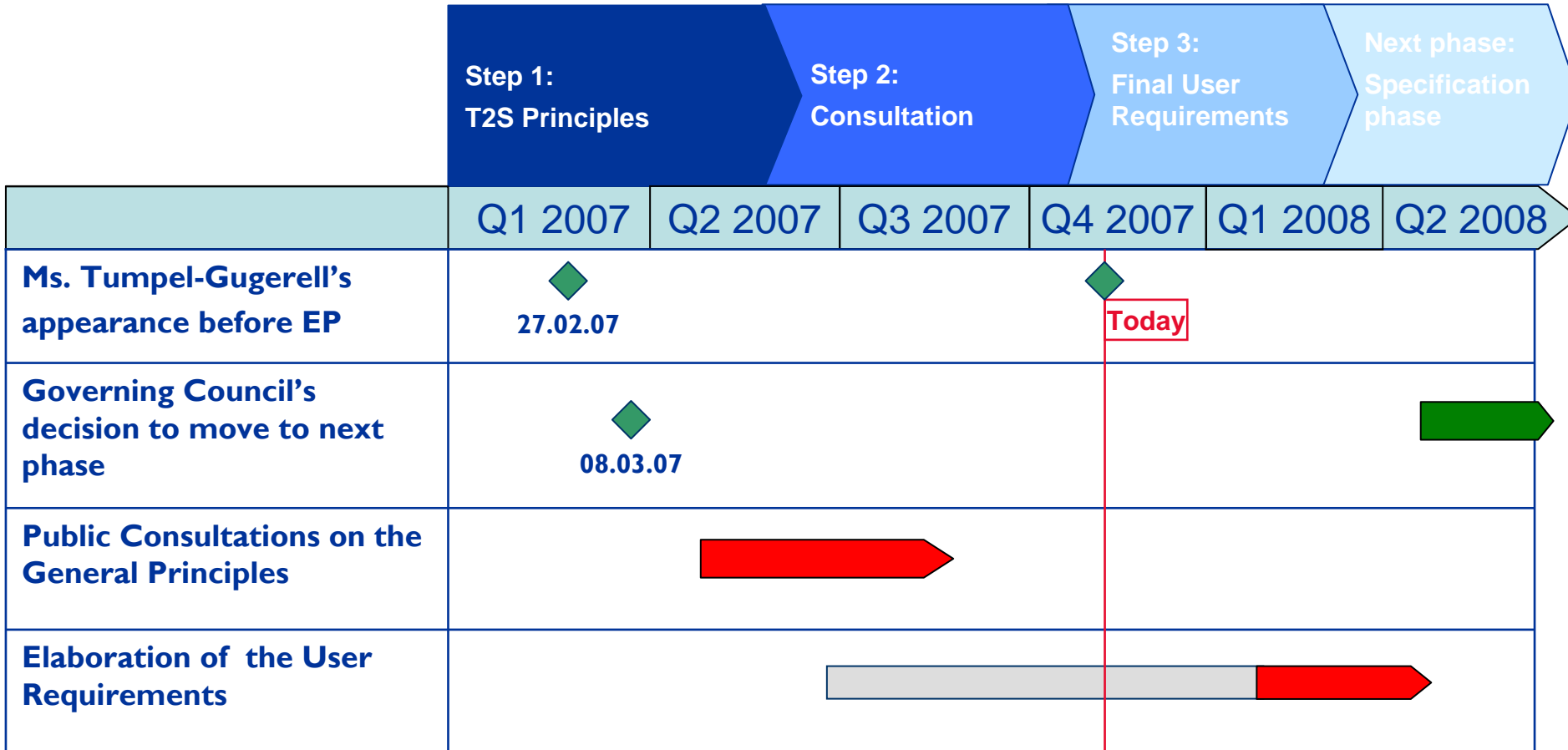
TARGET2-Securities

Hearing before the ECON Committee

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Executive Board Member
European Central Bank

Brussels, 26 September 2007

Timetable



 **Drafting**

 **3 months public consultation**

What is T2S?

A project for...

- ... Europe, implementing the Lisbon agenda.
- Supporting the integration of the market infrastructures.
- Transforming cross-border transactions in Europe into domestic ones.
- Enhancing competition in a financial service segment largely based on national monopolies.

**Making Europe a better place to invest
and trade**

What can T2S do? (I)

- Provide a single venue where all EU assets can be exchanged for euro.
- Reduce cost of cross-CSD settlement via a single settlement platform and standardized communication protocols.
- Eliminate financial exposure in cross-CSD settlement through central bank money settlement.
- Provide position takers with the ability to optimise the financing of long positions and borrowing for short sales across all EU assets in *euro* (and other currencies over time).

What can T2S do? (II)

- Increase efficiency of collateral management by the intraday transfer of collateral in securities among CSDs over a wide time window.
- Support capital markets to provide efficient and stable intermediation between buyers and sellers.
- Reduce complexity and associated operational costs and risks by harmonizing market rules and practices for settlement and settlement related corporate events.

Expected effects of T2S on post-trading

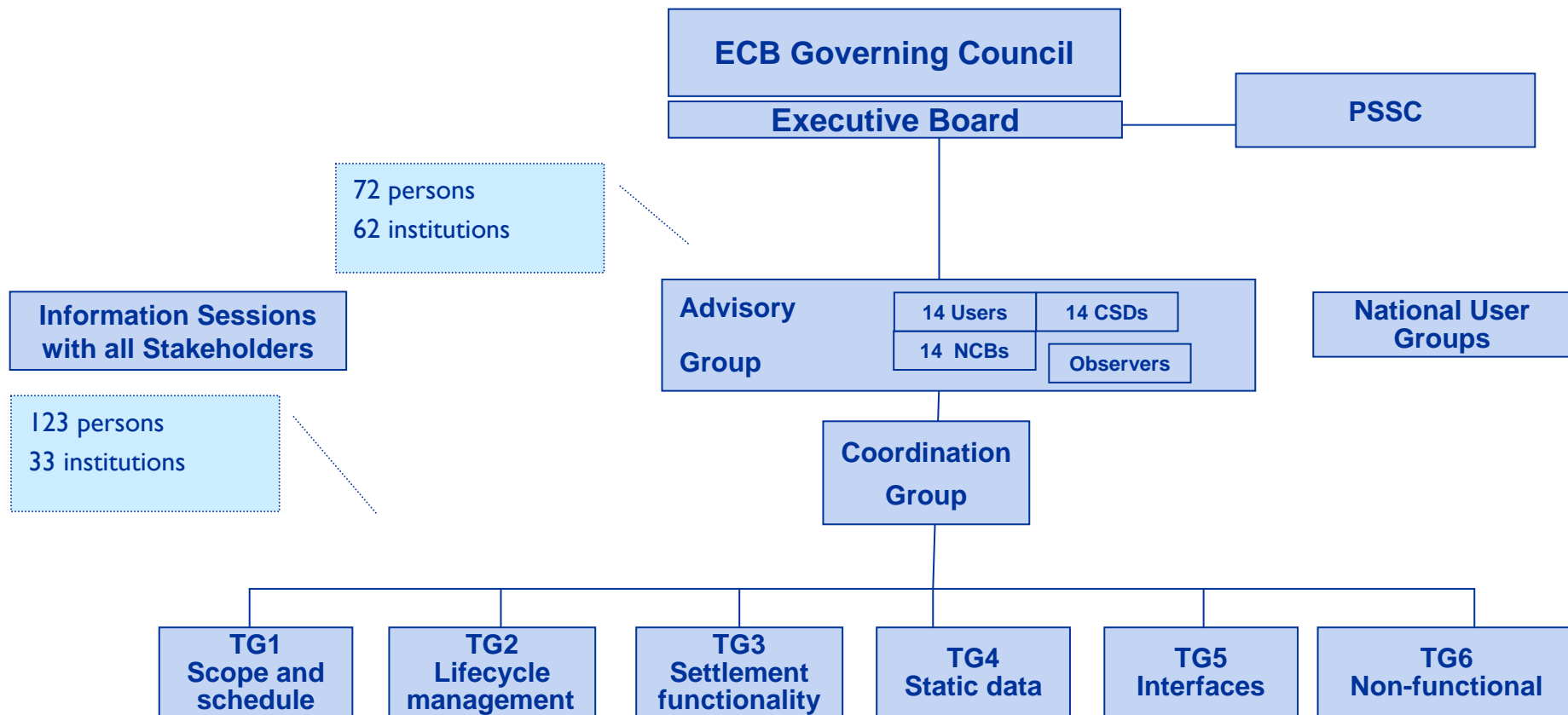
- Increased market liquidity and access to wider investor base lead to

lower cost of capital for issuers

- Increased market liquidity and lower cost of portfolio diversification lead to

better return for investors

First phase of the project: T2S governance

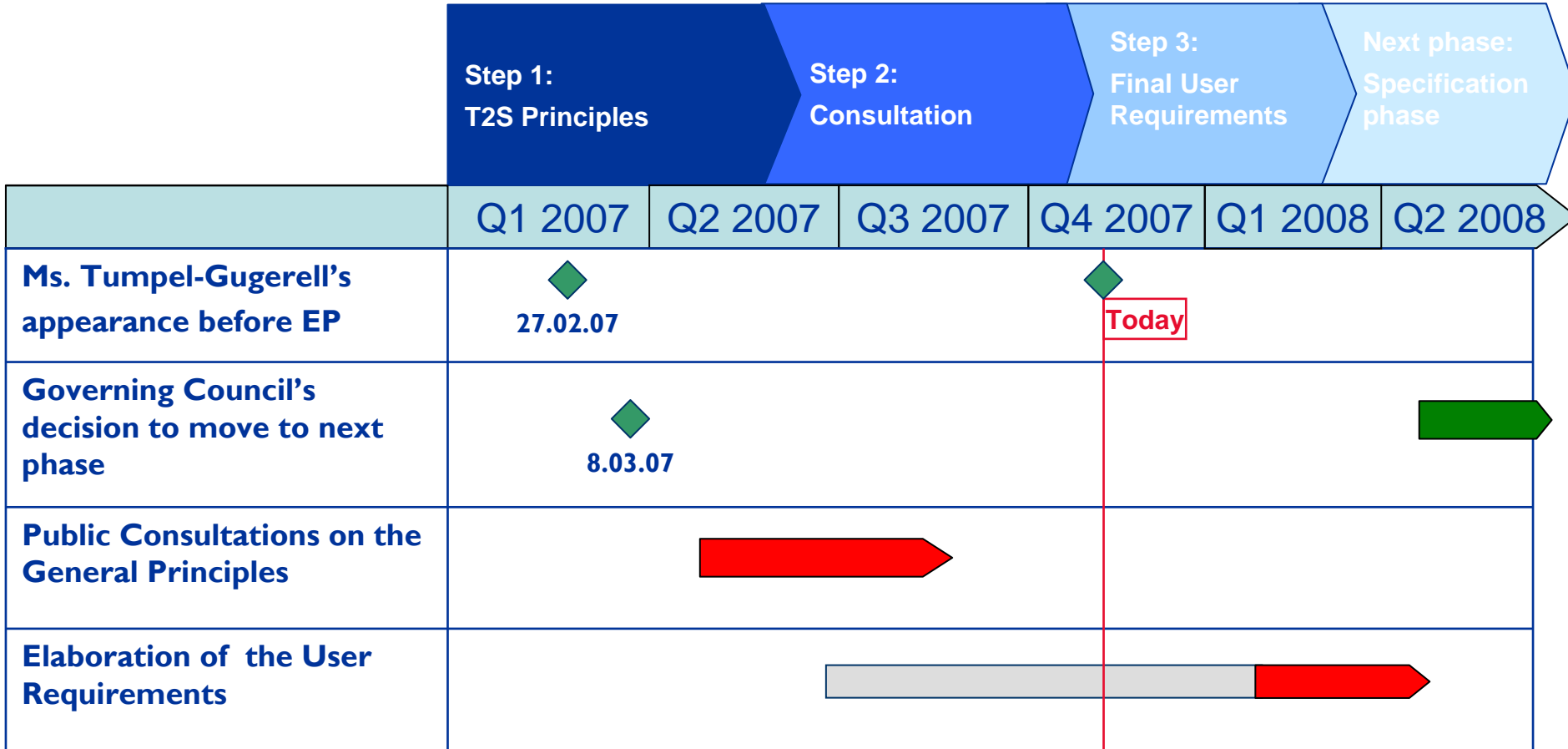


- 188 experts coming from 77 institutions
- All CSDs settling in euro participate
- 33 custodian banks

Next steps (until May 2008 at the latest)

1. Finalization of the User Requirements.
2. Economic analysis: Intended to be performed at all stages of the project.
3. Definition of the governance structure for the next phase of the project.
4. Market Consultation.

Timetable



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THANK YOU

