

The European Landscape: Lessons for Other Regions

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The European Landscape

- Increasing demand for:
 - ◆ Further financial integration in a single currency area
 - ◆ SC&S efficiency on domestic and EU level
- Consolidation and integration of SC&S infrastructures: main trends
 - ◆ At domestic level
 - ◆ At cross-border level
 - ◆ Different consolidation alternatives

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European Initiatives

- European Commission Communication 2002
 - ◆ Public Consultation 15.03.2002
 - Giovannini Group 1st Report 2002
 - ✓ 15 barriers to the EU C&S integration
 - Giovannini Group 2nd Report 2003
 - ✓ Action proposals for removing barriers
- CESR-ESCB Joint Working Group
- Other International Initiatives

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CESR-ESCB Joint WG (I)

- CESR-ECB Joint Mandate
- Main Objectives
 - ◆ Clear and rational regulatory framework
 - ◆ For SC&S regulation, supervision and oversight in the EU
 - ◆ Without unnecessary regulatory burdens
 - ◆ Enhance safety, soundness and efficiency of SC&S systems

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CESR-ESCB Joint WG (II)

■ Main Objectives (Cont.):

- ◆ Avoid systemic risk
- ◆ Promote and sustain EU markets integration through:
 - ◆ Efficient structures (competitiveness)
 - ◆ Strong and reliable rules (confidence)
- ◆ Foster investors' protection
- ◆ Level playing field
- ◆ Harmonization

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CESR-ESCB Joint WG (III)

■ Main WG way forward:

- ◆ Deeper and stronger requirements for SC&S in the EU
 - ◆ Starting point: adaptation of the CPSS-IOSCO Recommendations
 - ◆ From Recommendations to Standards
 - More binding character
 - Compatible with CPSS-IOSCO Recommendations
- ◆ Regulatory Functional approach
 - ◆ Standards are applied to all relevant SC&S functions
 - ◆ Addressed to the institutions that carry out those functions
- ◆ Minimize the impact on market infrastructure
- ◆ Common Standards for SC&S Systems in the EU

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Lessons for Other Regions (I)

- More incentives for competitive markets
 - ◆ Increase transparency
 - ◆ Legal soundness
 - ◆ Adequate legal regulatory and supervisory framework
 - ◆ To promote efficiency and enhance liquidity

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Lessons for Other Regions (II)

- Consolidation of domestic and regional infrastructures
 - ◆ Standardization of international market practices and procedures
 - ◆ Harmonization of SC&S standards (SC&S cycles, book-entry...)
 - ◆ Support to the ongoing regional integration initiatives
 - ◆ Identify and define areas of mutually beneficial co-operation
 - ◆ At operative and strategic levels

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Lessons for Other Regions (III)

- Need for Public Authorities support
 - ◆ Strengthen ongoing work, initiatives and networking
 - ◆ Active participation and co-operation of Central Banks and Securities Regulators