

CONSULTATIVE REPORT

Standards for securities clearing and settlement systems In the European Union

AFTI's reply

Introduction

The French Association of Securities Professionals (AFTI), which brings together more than 400 participants in the 'post-trade' sector of the securities industry, has the mission of promoting and representing these professions in the French marketplace and within the European Union, and welcomes the CESR - ECB's public consultation concerning standards for clearing and settlement systems in the EU.

AFTI endorses the ultimate goal of these standards: a contribution to the reinforcement of the financial and operational security of clearing and settlement systems in the European Union, an indispensable element in the emergence of a European financial market.

AFTI fully appreciates the concerns justifying the establishment of standards, but notes nonetheless that certain standards belong in the realm of market practices rather than that of regulatory dispositions.

AFTI also appreciates the wish of the document's authors to favour the functional rather than institutional approach, but stresses that in this case it is essential to clearly understand the roles and functions of the different participants and their similarities - but also the differences which exist between them.

Several introductory remarks are thus in order:

- The functions referred to in the consultative report are not explicitly defined, remain too general and thus do not reflect the diversity and the complexity of the professions of the securities services industry. It is therefore worthwhile to specify the role and nature of the different functions of these professions, such as the providing of "commercial, value added services" (the role of banks), services related to "guarantees" (the role of CCPs) and "notary" services (the role of a SSS manager, and of CSDs for physical or dematerialised securities). We can avoid - as does the text - adopting notions of



participants' "status" in order to regulate functions, however on the other hand we cannot disregard the notion of service "professions" which is both clearly entrenched and unavoidable for the industry's practitioners.

- The Report introduces, without really defining it, the notion of "custodians being able to generate systemic risks" due to the volume of activity processed. We think this notion not only raises real difficulties regarding its definition, but creates serious confusion between the roles and responsibilities of these custodians on the one hand and CSDs on the other, as there exists a fundamental difference between them: a CSD must serve as an infrastructure to all post-trade participants on the basis of *membership*, whereas custodians serve their clients on a commercial, contractual and bilateral basis - and which already have their own regulations, something which the project for standards seems to overlook.
- The consultative document seems to accept the concept of risk-taking by CSDs and so associates CSDs with ICSDs on the grounds that they can take risks of the same magnitude. **AFTI vigorously states its formal, strong opposition to any kind of risk-taking on the part of CSDs.** As for the ICSDs by virtue of their specific position covering both notary services and those of a commercial, value-added nature, they seem to us to require meeting the standards for each type of service undertaken. **Consequently, in AFTI's reply, the notion of CSD will never cover that of an ICSD.**

In other words, we consider that the amalgam on the one hand between the risks undertaken by CSDs and those borne by custodian banks, and the confusion on the other hand between the notions of ICSD and CSD create a mere "façade" of homogeneity between these professions, which, while they have some things in common, are by nature essentially different. Furthermore, the status of an ICSD has always appeared quite specific, and has never been used in the establishment of a CSD - so it seems curious to now make a standard of it. Consequently, we believe that standards should apply in a clearly differentiated manner according to the professions exercised by the different participants, that is:

1. "Guarantee" services (CCPs)
2. "Notary" services (CSDs and ICSDs for part of their activity)
3. "Commercial, value-added services" (custodians and ICSDs for part of their activity)

The comments which follow, for each of the 19 standards, reflect this overall logic.

Standard 1 : Legal framework

Securities clearing and settlement systems and links between them should have a well - founded, clear and transparent legal basic in the relevant jurisdictions.

Addressees: CSDs, CCPs and custodians operating systemically important systems.

Reply:

Concerning the legal framework, AFTI supports any step aiming to create a safe legal framework in the European Union for all “post-trade” market participants. But this legal framework must clearly take into account the characteristics of each post-trade “profession”: *commercial, added-value services* (all custodians including the ICSDs for their banking business), *notary services* carried out by CSDs and ICSDs in their notarial function) and *guarantee services* (CCPs)

If it is clear for AFTI that one legal framework is to be adopted for all, it is nonetheless indispensable to distinguish:

- on the one hand, custodians – which manage contractual relationships with their clients and which are already governed and monitored by banking supervisors – and for which AFTI believes formal specifications for *custodian-account keepers* are required at the European level.
- market infrastructures (CSDs and CCPs), whose roles and responsibilities need to be very precisely defined - notably the relations they have with their members.

As for the ICSDs, which carry out both commercial, value-added services - taking (client) risk - and notary services - taking zero risk - we suggest that the regulatory framework foresees a segregation of their activities, with appropriate regulation specific to each service undertaken.

AFTI, in conclusion, while endorsing the steps taken by CESR - ECB aiming to create a single, legal framework, asks that this framework covers all participants in the post-trade sector, including all custodians, but making at the same time a clear distinction between them.

Standard 2 : Trade confirmation and settlement matching

Trades between direct market participants should be confirmed without delay after trade execution, and no later than trade date (T+0). Where confirmation of trades by indirect market participants (such as institutional investors) is required, it should occur as soon as possible after trade execution, and no later than T+1.

For settlement cycles that extend beyond T+0, settlement instructions should be matched as soon as possible and no later than the day before the specified settlement date.

Addressees: Market participants and operators of systems for trade confirmation, affirmation and matching of settlement instructions.

Reply:

AFTI can only agree with the need for a standard requiring that transactions be confirmed “without delay” and no later than trade date, and that settlement instructions be confirmed as soon as possible and no later than the day before the specified settlement date (except for same-day value trades).

Key element 3: AFTI, which questions the legal value of a “trade confirmation”, notably when the two counterparts are located in different countries, thinks this could no doubt be resolved via a standard agreement drawn up by market professionals - like those for other types of transactions (e.g. securities lending and borrowing in France). AFTI further believes that the objective of achieving “indirect participant” confirmation on T+0 is illusory.

Key element 5: As regards “settlement matching”, several practices exist in the European Union, so that any harmonisation, which all concerned parties must work towards, constitutes a prerequisite to the adoption of this standard, without it however being adopted as the sole method; responsibilities resulting from matching between custodians, and those between SSS operators and custodians, must also be clearly identified.

Addressees : regarding the scope of application, all market participants and associated operators are concerned here.

Standard 3 : Settlement cycles

Rolling settlement should be adopted in all securities markets. Final settlement should occur no later than T+3. The benefits and costs of an EU-wide settlement cycles shorter than T+3 should be evaluated.

Addressees: CSDs CCPs and custodians that operates systemically important systems and operators of regulated markets.

Reply:

AFTI is in favour of this “rolling settlement” standard for regulated markets, where (to our knowledge) it is already widespread; this standard cannot, however, be applied to OTC transactions.

Key element 2: regarding the T+3 settlement standard project, AFTI has no particular comment to make, since this timeframe is already market practice in France.

Key element 3: however, in the context of harmonisation in Europe, the question of a choice of T+2 or T+3 rolling settlement remains open. AFTI agrees that this question must be examined in the context of costs versus benefits and thus has no objection in principle that action be undertaken to identify the eventual existence of a business case, but requests that market participants (all custodians) be involved.

Key element 4 and 5: AFTI wishes to highlight that standard 3 should foresee a uniform, maximum period of recycling of failed settlement instructions and that a common rule be applied at the end of this recycling period to handle these outstanding instructions.

Key element 6: AFTI notes the main difficulty concerning settlement timeframes will consist in making systems’ batch processing compatible with each other. From this point of view, for AFTI it would be preferable that the standard apply to two distinct notions: on the one hand sufficiently long opening hours (night and day), and on the other sufficiently frequent batches.

Addressees : regarding the scope of application, all market participants and associated operators are concerned here.

Standard 4 : Central Counterparties (CCPs)

The benefits and costs of a CCP should be evaluated. Where such a mechanism is introduced, the CCP should rigorously control the risks it assumes.

Addressees : market participants and CCPs.

Reply:

The AFTI is fully in favour of the development of CCPs, and their convergence into a single clearing and guarantee body.

Key element 2: indeed, the advantages of an autonomous CCP structure have largely been demonstrated and in some countries this is already standard practice for transactions on regulated markets. The use of a CCP has numerous and almost unquestionable advantages (limitation of risks, notably through netting procedures, reduction in own capital required to cover transactions, etc.). Of course, a CCP should only have one activity: clearing and guaranteeing orders. In this respect, it should not expose itself to any risks which are not fully guaranteed. With respect to the regulations, the AFTI would suggest that CCPs be given a special status and regulated accordingly.

The AFTI agrees with the proposed list of addressees.

Standard 5 : Securities lending

Securities lending and borrowing (or repurchase agreements and other economically equivalent transactions) should be encouraged as a method for expediting the settlement of securities. Barriers that inhibit the practice of lending securities for this purpose should be removed. The arrangements for securities lending should be sound, safe and efficient.

Addressees : Entities providing securities lending services in connection with the securities settlement process, including CSDs, CCPs and custodians operating systemically important systems.

Reply:

AFTI is in favour of this proposition which aims to encourage securities lending. But behind the generic term “securities lending and borrowing”, AFTI believes there are very different realities which do not reflect the standard proposed; here also, to arrive at a clear definition of the standard (as this is not very precise in the text) the players likely to be subject to the standard need to be differentiated: we must thus take into account all custodians, SSS operators which take banking risk (the ICSDs), and SSS operators which manage the technical aspects of securities lending and borrowing but without actually taking any credit risk themselves (CSDs).

Key element 8: custodians. Their profession, whatever their size or scale, involves offering banking services to clients, under the supervision and control of *local banking regulations*. As regards the settlement of securities transactions, the standard should establish that all custodians must take all necessary action to anticipate possible “failed” client trades and so allow these clients to borrow securities needed and avoid a subsequent chain of fails; the custodian can also permit clients holding securities to obtain liquidity under advantageous conditions.

Key element 2, 4, 5: SSS operators not taking credit risk (CSDs). They must only have an accounting role (a kind of notary role in the circulation of securities). Their contribution must be limited to developing, with market participants (CCPs, custodians and investment firms) the technical mechanisms which facilitate securities lending and borrowing and “repos”, oriented towards the borrower of securities and thus allowing the limitation or avoidance of custodian “fails” within the SSS. The standard will have to ensure that these “facilities” do not have as an objective the transfer of responsibility of settlement efficiency from custodian to CSD, but to be the last recourse to avoid fails. In this operator function, CSDs must never bear any risk whatsoever taken by the lender vis à vis the borrower. CSDs should leave the credit risk of borrowers to be borne and spread among multiple banks. This prohibition for a CSD to take any kind of credit risk is at the very heart of the security of any settlement system.

Key element 7: as for ICSDs, once they offer securities lending and borrowing services to users of their SSSs and take credit risk, AFTI endorses the standard aiming to oblige these operators to take all necessary action and measures concerning guarantees.

Addressees This standard must only be applied to ICSDs.

Standard 6 : Central securities depositories (CSDs)

Securities should be immobilised or dematerialised and transferred by book entry in CSDs to the greatest extent possible. To safeguard the integrity of securities issues and the interests of investors, the CSD should ensure that the issue, holding and transfer of securities are conducted in an adequate and proper manner.

In order to minimise systemic risks, CSDs should avoid taking risks to the greatest practicable extent.

Addressees : CSDs and registrars insofar as these entities perform for the function of securities issuance, the management of the issue and the transfer of securities through book entry.

Reply:

Overall, the AFTI agrees with this standard but reiterates its firm opposition to risk-taking by CSDs.

Key element 1: the AFTI is of course favourable to the dematerialisation of securities, to a central custodian and to the transfer of securities by book entry only and, finally, to the centralised management of securities issues which are, by nature, the responsibility of the CSDs and ICSDs under their notary role.

Key element 3: the AFTI is in agreement with the principle expressed in the standard, that transactions should be handled by the CSDs and ICSDs under their notary role, using sound accounting standards. However, it feels that this would be insufficient if the CSDs, and other SSS operators (ICSDs), are not governed by a body of specifications containing a minimum of common accounting and operational obligations (see standard 1).

Key element 4: with respect to risks, the AFTI restates its opposition to CSDs taking liquidity, market and counterparty risks. They should, however, take all necessary measures to eliminate or cover their operational risks.

Standard 7: Delivery versus payment (DVP)

Principal risk should be eliminated by linking securities transfers to funds transfers in a way that achieves actual delivery versus payment.

Addressees : CSDs and custodians that operate systemically important systems.

Reply:

AFTI is broadly in favour of this standard.

Key element 3: AFTI is of course favourable to the generalised use of DVP, even if one cannot exclude totally the transfer of securities without a countervalue in cash for certain types of transactions (e.g. the transfer of a client's portfolio from one custodian to another).

That said, as numerous forms of DVP exist, their urgent harmonisation is needed, especially to facilitate the interoperability of systems in a cross-border context; on the other hand AFTI considers that the absence of harmonisation between DVP processes is one of the main obstacles to the cross-border circulation of securities and thus to the creation of a true domestic market within the European Union.

Other key element for AFTI: as the use of central bank money provides the best guarantee of safety in DVP processes, it should thus be the rule, both for domestic settlement (one SSS) and for cross-border settlement (two SSSs).

Addressees This standard is destined solely for providers of notary services.

Standard 8 : Timing of settlement finality

Intraday finality should be provided through real-time or multiple batch processing in order to reduce risks and allow effective settlement across systems.

Addressees : CSDs and custodians that operate systemically important systems.

Reply:

In principle, the AFTI is in agreement with this standard and refers to its comments on standards 3 and 7. It suggests that standards 3, 7 and 8 be merged and notes, furthermore, that they fall more under the realm of market practices than of regulatory standards.

Key element 3: we feel the SSSs should combine both types of settlement processing. Indeed, real-time and multiple batch processing should co-exist within an SSS, due to their specific advantages and complementarities. Hence our preference for a slight modification in the drafting of the 1st line ("real-time" and/or "multiple batch"). The AFTI points out that every effort must be made to maintain a balance between batch and real-time processing to take advantage of the efficiency and irrevocability of real-time processing and of the efficiency of payment clearing in batch processing.

Another key element for the AFTI: it is vital that the principle of irrevocability be applied to orders and transfers of funds and securities (domestic and cross-border transactions).

The standard should be for participants with notary activities.

Standard 9 : Risk controls in systematically important systems

Entities that operate systemically important systems need to put in place rigorous risk control measures in order to ensure that the probability of failing to provide timely settlement is negligible. Systemically important systems that extend explicit credit to participants should employ robust risk mitigation measures and, whenever practicable, full collateralisation should be applied. Incomplete collateralisation must be complemented by additional risk mitigation measures such as minimum credit quality of the borrower, credit exposure limits and, on the part of the operator, an adequate minimum capital base and adequate internal risk control measures.

Operators of net settlement systems should institute risk controls that, at a minimum, ensure timely settlement in the event that the participant with the largest payment obligation is unable to settle.

Addressees : CSDs and custodians that operate systemically important systems and who extend credit explicitly to their participants. It is also addressed to operators of settlement systems that net the obligations arising among their participants and thereby generate implicit credit exposures.

Reply:

The AFTI reiterates its agreement with the objective of enhancing the security of clearing and settlement systems, but also reiterates the need to differentiate between the participants on the basis of their activities.

Key elements 1 and 2: the AFTI agrees that SSS operators which clear positions (securities and/or cash), must put in place, in collaboration with their users, adequate measures to cover a failure to settle by the largest debtor, but that these measures must be completely free of credit risk for operators carrying out notary activities, and the level of risk should always be verified by those actually incurring the risks (e.g. the guarantee Fund).

Key elements 3, 4, 5 and 6: the AFTI considers that this standard is in no way applicable to custodians whose banking risk is already governed by banking and prudential regulations.

In its current form, this standard only concerns ICSDs in their added value activities.

Standard 10 : Cash settlement assets

Assets used to settle payment obligations arising from securities transactions should carry little or no credit or liquidity risk. If central bank money is not used, steps must be taken to protect the participants in the system from potential losses and liquidity pressures arising from the failure of the cash settlement agent whose assets are used for that purpose.

Addressees : CSDs and custodians that operate systemically important systems and, more specifically, the cash payment arrangements for Settling securities transactions in their systems.

Reply:

The AFTI has reservations on certain aspects of this standard:

Key element 2: the AFTI considers that all CSDs "must" and not "should" offer a settlement service in central bank money. The objective of this standard is that central bank money be used as it has almost unlimited liquidity, and it will be easy to impose as the majority of the CSDs already do so.

Key element 3: CSDs must eliminate all settlements in commercial currencies due to the inherent risk they carry.

Another key element for the AFTI: the entire chain of DVP settlement transactions between two SSSs (cross-border transactions) should be carried out in central bank money. However, where this is not the case – i.e. where one SSS operates in central bank money (CSD) and the other in commercial currency (ICSD) – this standard should impose specific security conditions for DVP transactions.

This standard therefore only concerns CSDs and ICSDs in the context of their notary activities.

Standard 11 : Operational reliability

Sources of operational risk in the clearing and settlement process should be identified, monitored and regularly assessed. This risk should be minimised through the development of appropriate systems and effective controls and procedures. Systems and related functions should be (i) reliable and secure, (ii) based on sound technical solutions, (iii) developed and maintained in accordance with proven procedures, (iv) have adequate, scalable capacity and (v) have appropriate business continuity and disaster recovery arrangements that allow for timely recovery of operations and the completion of the settlement process.

Addressees : CSDs, CCPs and custodians that operate systemically important systems. For this standard to be effective, it also needs to be applied by other providers of services critical for clearing and settlement, such as trade confirmation, messaging services and network providers.

Reply:

On the whole, the AFTI agrees with the contents of this standard

Key elements 1 and 2: the AFTI fully approves of the principle of maximising operational security, particularly that of the infrastructure. Indeed, the operational risks of infrastructures (guarantee and notary activities) are potentially the most damaging and should therefore not only be controlled but also audited on a regular basis.

Key elements 1 and 4: the AFTI points out that the operational risks incurred by added value activities are already covered by security procedures implemented by these establishments:

- in application of the regulations and standards,
- or in application of obligations, notably technical, imposed by the infrastructures,
- or as private initiatives in the context of the establishment's security policy and desire to enhance its competitive position (SLA).

Nonetheless, the AFTI recognises the need for all custodians to ensure service continuity; this standard could therefore be envisaged, provided it is not made redundant by the other existing regulations on the subject (Basel II, etc.).



Standard 12 : Protection of customers' securities

Entities holding securities in custody should employ accounting practices and safekeeping procedures that fully protect customers' securities. It is essential that customers' securities be protected against the claims of the creditors of all entities involved in the custody chain.

Addressees : Entities holding customers' securities accounts, including registrars, CSDs, CCPs and custodians.

Reply:

The AFTI approves of the desire to regulate the activities of entities holding securities in custody in order to ultimately protect client assets (see standard 1). The AFTI also points out that there is already a European regulation relating to guarantees of securities deposits (see directive 97/9 dated March 3, 1997 relating to the system for the compensation of investors).

Standard 13 : Governance

Governance arrangements for entities providing securities clearing and settlement services should be designed to fulfil public interest requirements and to promote the objectives of owners and users.

Addressees : CSDs, CCPs and custodians with a dominant position in a particular market.

Reply:

The AFTI recognises the importance of this standard but points out that the regulations should be fundamentally different depending on the addressee, i.e. they should depend on the activities carried out by the participants, as indicated in the introduction.

Key element 1: this standard cannot apply to custodians exercising added value activities or commercial companies which do not exclusively serve the general interests of the market.

On the contrary, this standard is vital for guarantee and notary activities (see our comments in the introduction): it should stress the fact that infrastructures must take into account the general interests of the market and users and must therefore respect the standards of governance specified in the "Company Law Action Plan", along with the criteria proposed by the Commission in its Green Paper on services of general interest.

Standard 14 : Access

CSDs and CCPs and custodians with a dominant position in a particular market should have objective and publicly disclosed criteria for participation that permit fair and open access. Rules and requirements that restrict access should be aimed exclusively at the controlling of risk.

Addressees : CSDs CCPs and custodians with a dominant position in a particular market. For this standard to be effective, it also needs to be applied by other providers of securities services critical for clearing and settlement, such as trade confirmation, messaging services and network providers.

Reply:

In the AFTI's view, this recommendation should be differentiated according to activity:

Key element 3: the AFTI fully agrees that access to SSSs managed by public interest infrastructures must be authorised according to technical and public criteria.

On the other hand, the AFTI feels that participants carrying out added value activities are entitled to base their client relationships on private and bilateral criteria, notably to minimise their risks.

Key element 4: the AFTI also points out that competition laws applicable to financial intermediaries already prohibit any discriminatory practices or abuse of dominant positions.

In conclusion, this standard only appears relevant for notary activities.

Standard 15 : Efficiency

While maintaining safe and secure operations, securities clearing and settlement systems should be cost—effective in meeting the requirements of users, including interoperability at both the national and the European level.

Addressees : CSDs, CCPs and custodians with a dominant position in a particular market. For this standard to be effective, it also needs to be applied by other providers of securities services critical for clearing and settlement, such as trade confirmation, messaging services and network providers.

Reply:

On the whole, the AFTI agrees with this standard.

Key elements 1 and 2: however, it would like to stress the fact that infrastructures (CSDs and CCPs) must be vigilant over costs, but without jeopardising the security of their operations.

This standard must not be applied to participants with added value activities insofar as competitive pressures are already a major factor in ensuring efficiency.

Key elements 3, 4 and 5: the AFTI supports the ESCB-CESR's objective of increasing the interoperability of SSS and harmonising systems and practices across the European Union. The definition and implementation of a European standard for DVP links between SSS seems to the AFTI to be one of the main priorities for the heads of infrastructures.

Consequently, this standard should only apply to notary activities.

Standard 16 : Communication procedures, messaging standards and straight-through processing

Entities providing securities clearing and settlement services and participants in their systems should use or accommodate the relevant international communication procedures and messaging and reference data standards in order to facilitate efficient clearing and settlement across-system. This will promote straight-through processing (STP) across the entire securities transaction flow.

Service providers should move toward STP in order to help to achieve timely, sage and cost-effective securities processing, including confirmation, matching, netting, settlement and custody.

Addressees : Entities providing securities clearing and settlement services, and participants. For this standard to be effective, it also needs to be applied by other providers of securities communication services, such as messaging services and network providers.

Reply:

The AFTI agrees with the recommendations in this standard, the contents of which are already suggested in the "Giovannini" reports.

Standard 17 : Transparency

CSDs, CCPs and custodians with a dominant position in a particular market should provide market participants with sufficient information for them to identify and evaluate accurately the risks and costs associated with securities clearing and settlement services.

Addressees : CSDs, CCPs and custodians with a dominant position in a particular market. For this standard to be effective, it also needs to be applied by other providers of securities services, such as trade confirmation services, messaging services and network providers.

Reply:

The AFTI agrees with the general objective of transparency described in this standard but has the following reservations:

Key elements 1 to 7: the AFTI thinks that it applies perfectly to market infrastructures, notably for the services and tariffs they offer. However, this standard is not applicable to custodians who, under banking regulations, already have to provide various reports, and will have to provide more under the Basel II regulations.

This standard should therefore only apply to infrastructures with notary and guarantee activities.

Standard 18 : Regulation, supervision and oversight

Entities providing securities clearing and settlement services should be subject to transparent, consistent and effective regulation, supervision and oversight. Central banks and securities regulators/supervisors/overseers should co-operate with each other and with other relevant authorities, both nationally and across borders (in particular within the European Union), in a transparent manner.

Addressees : Central banks, securities regulators and, where appropriate, banking supervisors.

Reply:

On the whole, the AFTI agrees with the contents of this standard.

Key elements 1 to 6: the AFTI is fully in favour of European cooperation in harmonising rules and controls for post-trading activities.

Another key element for the AFTI: the AFTI also wants to see post-trading activities recognised as investment services and granted a European passport.

Standard 19 : Risks in cross-system links⁴

CSDs that establish links to settle cross-system trades should design and operate such links to effectively reduce the risks associated with cross-system settlements.

Addressees : CSDs and custodians operating systemically important systems that establish cross-system links.

Reply:

AFTI appreciates the importance of this standard, and wishes to underline its very firm stance regarding the role of CSDs.

Key element 5: as CSDs must take no credit risk, AFTI totally excludes the idea that CSDs take on the credit risk *of each other* in settlement instructions between SSS.

Key element 6: concerning "relayed links", AFTI, conscious that the lengths of "chains" between SSSs (i.e. the number of end-to-end systems involved in cross-systems settlement) is a potentially serious risk factor, requests that the standard foresees the "chains" being as short as possible, and that the custodian's role in these "relayed links" be limited to that of a technical operator.

Another key element for AFTI: AFTI is in favour of SSS interoperability but thinks this will only bring benefits in terms of costs and safety if applied to harmonised procedures in the cross-systems delivery of securities; this harmonisation must be achieved notably based on standard 2 (Trade confirmation and settlement matching), 3 (Settlement cycles), 5 (Securities lending), 6 (Central securities depositories), 7 (Delivery versus payment DVP), 8 (Timing of settlement finality), and 10 (cash settlement asset).

Generally speaking and in the desire to quickly arrive at a genuinely domestic organisation of the post-trade sector in the EU, AFTI thinks it desirable to put in place an "Authority" able to accelerate the process of infrastructure interoperability.

This standard must be applied only to « notary services » providers.

⁴ This standard does not cover links established by CCPs. These will be covered by the future work of the ESCB-CESR on CCPs.