



Milano 29th October 2003  
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To:  
Committee of European Securities Regulators  
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**RE: Consultative Report - Standards for Securities Clearing and Settlement Systems in the European Union. (Ref: ESCB-CESR Standards)**

**The Italian Association of Financial Intermediaries (ASSOSIM) represents the major Italian financial intermediaries, i.e. investment firms and banks, and the Italian branches of European based financial intermediaries (see attached list).**

ASSOSIM thanks CESR and ECB for the opportunity to express its views on an important issue, such as clearing and settlement.

In fact, in order to create a real integrated financial market it is important to harmonise the legislation of different European countries in the field of regulation of operations too.

Given that it seems advisable to restate our belief that the Commission on this issue make a proposal for a directive, which being mandatory will guarantee a good degree of harmonisation.

The fast increase of cross-border activities makes an effective regulatory intervention necessary.

As far as the content of the document is concerned, we agree with the Group which issued it in that the CPSS-IOSCO recommendations represent an obvious starting point for any future work on the issue.

Therefore the compliance with the standards, under scrutiny, by their addressees is the minimum necessary requirement for carrying out clearing and settlement activities.

As for the ambit of application of the standards, ASSOSIM believes that they should be extended to all providers of securities clearing and settlement services other than CSDs and CCPs. (The answer to question number 1 is positive).

# ASSOSIM

Certainly among the addressees should not be all the intermediaries, but only systematically important providers (question number 2). In our view, the consultation paper correctly draws the difference between important providers and not important providers in the market share they have.

Only the formers in fact present a systemic risk in the event of their sudden failure, which could only be avoided by the imposition of **all** the standards listed in the document (question numbers 3 and 6).

What we think should be changed though, is not the approach of the definition of systematically important providers, which we agree on, but the quantitative threshold determined by the Group.

A share of 5% at European level and 25% at domestic level are in our view too high thresholds. In this way legal persons which, in our view, present a systemic risk would not be obliged to follow the standards. Moreover at national level the “importance” of the activity performed would depend on the dimension of the market.

ASSOSIM believes that lowering the percentage figure which defines the systematically important providers cannot be left at discretion of national Authorities, if the purpose we aim at is the harmonisation of legislation (question number 4).

ASSOSIM believes that the three relevant markets which can be considered are bonds, equities and derivatives (question number 5).

We are at your disposal for any clarification.

Yours sincerely

Secretary General  
Franco Gherra  
