

EUROPEAN TRADE ASSOCIATIONS' CALL FOR EU ACTION ON EUROPEAN EXCHANGES AND MARKET INFRASTRUCTURE

Statement by the French Association of Investment Firms (AFEI), the Italian Association of Financial Intermediaries (ASSOSIM), the French Banking Federation (FBF) and the London Investment Banking Association (LIBA).

The development of Europe's stock exchange and post-trade infrastructure has reached a critical point. On 13 September 2005, Commissioner McCreevy made an important speech calling on market participants to reach a clear consensus on what is now needed. The Commission is now actively considering what steps might be taken. Not least in response to Commissioner McCreevy, market users have been working hard to develop their position, as originally set out in the "Statement of Principles to be applied to consolidation of Stock Exchanges and Central Market Infrastructure" which was agreed and issued on 3 February 2005 by an important group of European trade associations.

In particular, we are now publishing a significant further contribution to the debate in the attached paper "Post-trading in Europe: calls for consolidation". This develops the 3 February statement in the light of subsequent developments and puts forward specific and concrete recommendations for what should now be done, both by the authorities and by market users.

As the paper concludes in section 8,

“ The European Commission is adopting the right approach. As users, we further support its involvement through:

- the definition of strict governance and competition rules for infrastructure providers,
- the imposition of the unbundling of the vertical silos if private stakeholders do not start the process on their own,
- the support for horizontal consolidation and the emergence of single and dominant pan-European infrastructures both for Clearing & Settlement, and the provision of a favourable environment.

Vigorous actions of the public authorities are requested to ensure that infrastructure providers conform to Competition policy and the law. There must be a voice for users in the governance and users need to fight for it.

Clear governance rules, ensuring users are given a top priority, should also apply to exchanges, which are in a position to benefit from their dominant positions ”.

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