

Comments received from Banco Bilbao Vizcaya Argentaria (BBVA) about the consultative report on Standards for de Securities Clearing and Settlement Systems in the EU, by CESR-ESCB.

As a general comment, we consider the Standards appropriate to be applied in the future evolution of the European Securities Settlement Systems. We find these Standards rather well enounced and even detailed. On the other hand, the identification of addressees of the Standards seems to be ambiguous by far and large.

While the addressees are well identified in the CSDs, CCPs or ICSDs cases, it does not happen the same in the case of custodians. In our view, the "systemically important" category, applied for "systems" or "institutions", conveys an ambiguous component that could result in a serious lack of effectiveness in the future application of the Standards.

Likewise, the Standards are not always balanced enough in terms of importance for their proposed addressees, being some of them more valid than others for the overall institutions providing securities services. This fact adds, again, more complexity to the application of the Standards. This is especially true in the case of Standard 9, with which we strongly disagree.

Custodian banks, as credit institutions are already subject to their own specific regulation, including Basel Accords, stringent supervision and oversight. So, applying Standard 9 would impose additional burdens to the custodians in terms of regulation and new financial investment in order to comply with the collateral requirements. This would only benefit the ICSDs because custodians can't compete with them as infrastructure providers.

Also, though less important, the prescriptions included in Standards 13 (Governance), 14 (Access) and 17 (Transparency) seems to be overstated, bearing in mind that the proposed addressees are private institutions (in most cases banks) subject to their specific rules, regulations and supervision. In this sense, these aspects could be considered, at most, as recommendations to be included somehow in the commercial activity of these institutions.

With regard to the questionnaire, in short, our view is the following:

1) Insofar as the definition of "systemically important providers ..." is not clear, we disagree with the extension of the scope of application of the Standards to other institutions than CSDs (including ICSDs) and CCPs. Once again, we insist that, in no case the Standard 9 should be applied to custodians.

2) All the custodians could subscribe or not the Standards depending on their business implication, but only some standards should be compulsory for those entities that actually imply systemic risk.

3) The definition of "systemically important system" referred to CSDs and CCPs is considered as suitable. As regards custodians, obviously the said criteria seem reasonable in order to establish a classification, although as it has already been

mentioned, some of the standards should in no case be compulsory for Custodian Banks, regardless of their size.

4) We agree, but with the aforementioned remarks.

5) The market distribution seems appropriate.

6) In principle, standards 1, 2, 3, 5, 7, 11, 12 and 16 could be applied to custodians. Standards 13, 14, 15 and 17 should be recommendations instead of requirements.

7) In some cases, their implementation could imply important investments that would require gradual planning.

8) We clearly disagree with standard 13 and 17, and we have some reservations in the case of standards 14 and 15.