



EUROPEAN CENTRAL BANK

TARGET2-Securities: From vision to reality

The Eurosystem's contribution to
an integrated securities market

Gertrude Tumpel-Gugerell
Member of the Executive Board
European Central Bank
30 November 2006

Outline

- I. T2S interaction with other EU Commission projects**
- II. Objectives of the Eurosystem initiative in securities infrastructure**
- III. The potential benefits of T2S for users**
- IV. Conclusions**

I. T2S interaction with other EU Commission projects

More integration and more competition:

- **Code of Conduct**
- **TARGET2-Securities (T2S)**

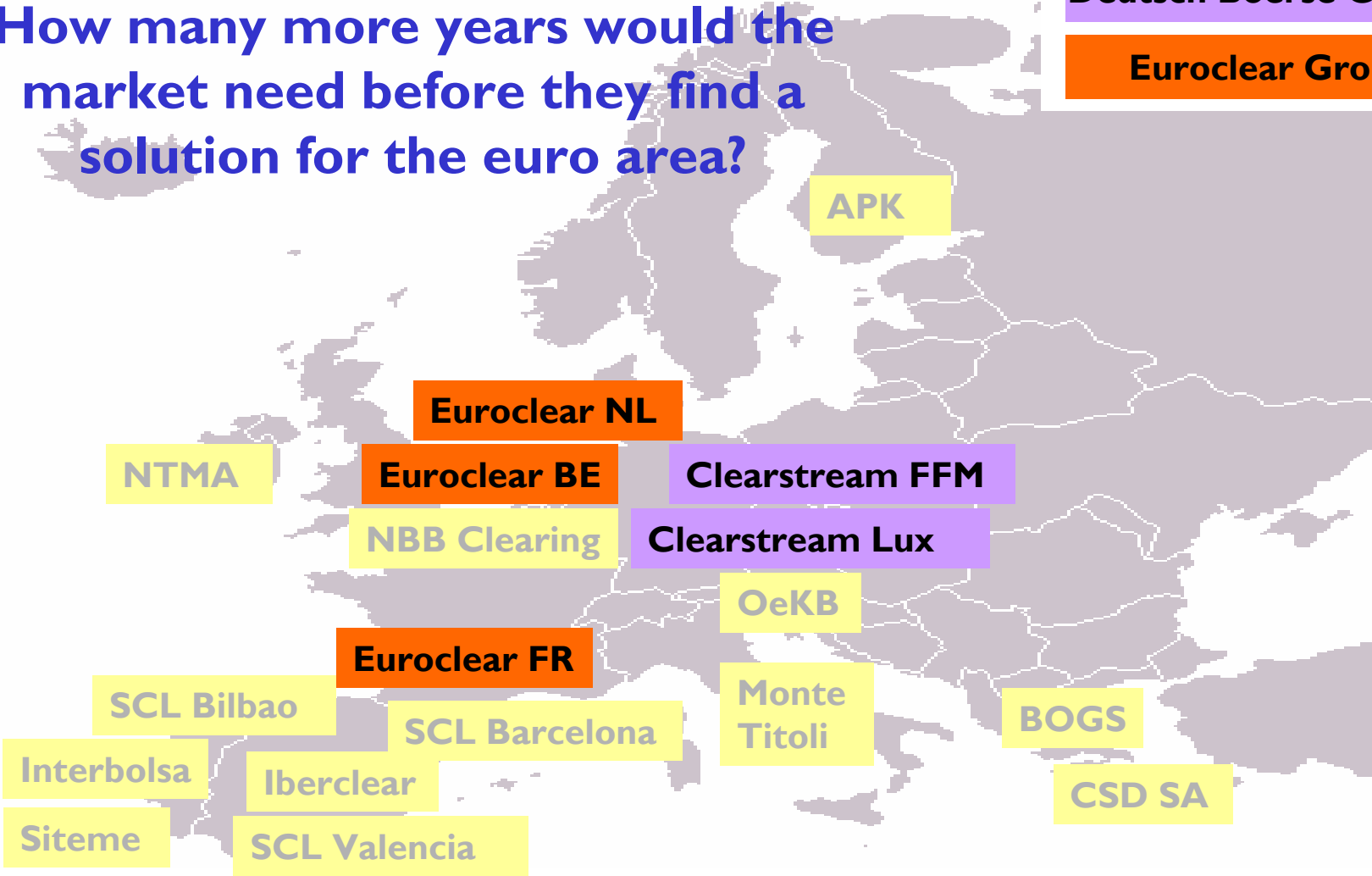
II. Objectives of the Eurosystem initiative in securities infrastructure

- **Euro area still lacks efficient securities infrastructure**
- **TARGET2 in 2007 an opportunity to progress in the field of securities settlement**
- **The vision for T2S**

II. Objectives of Eurosystem initiative in securities infrastructure

How many more years would the market need before they find a solution for the euro area?

Deutsch Boerse Gruppe
Euroclear Group

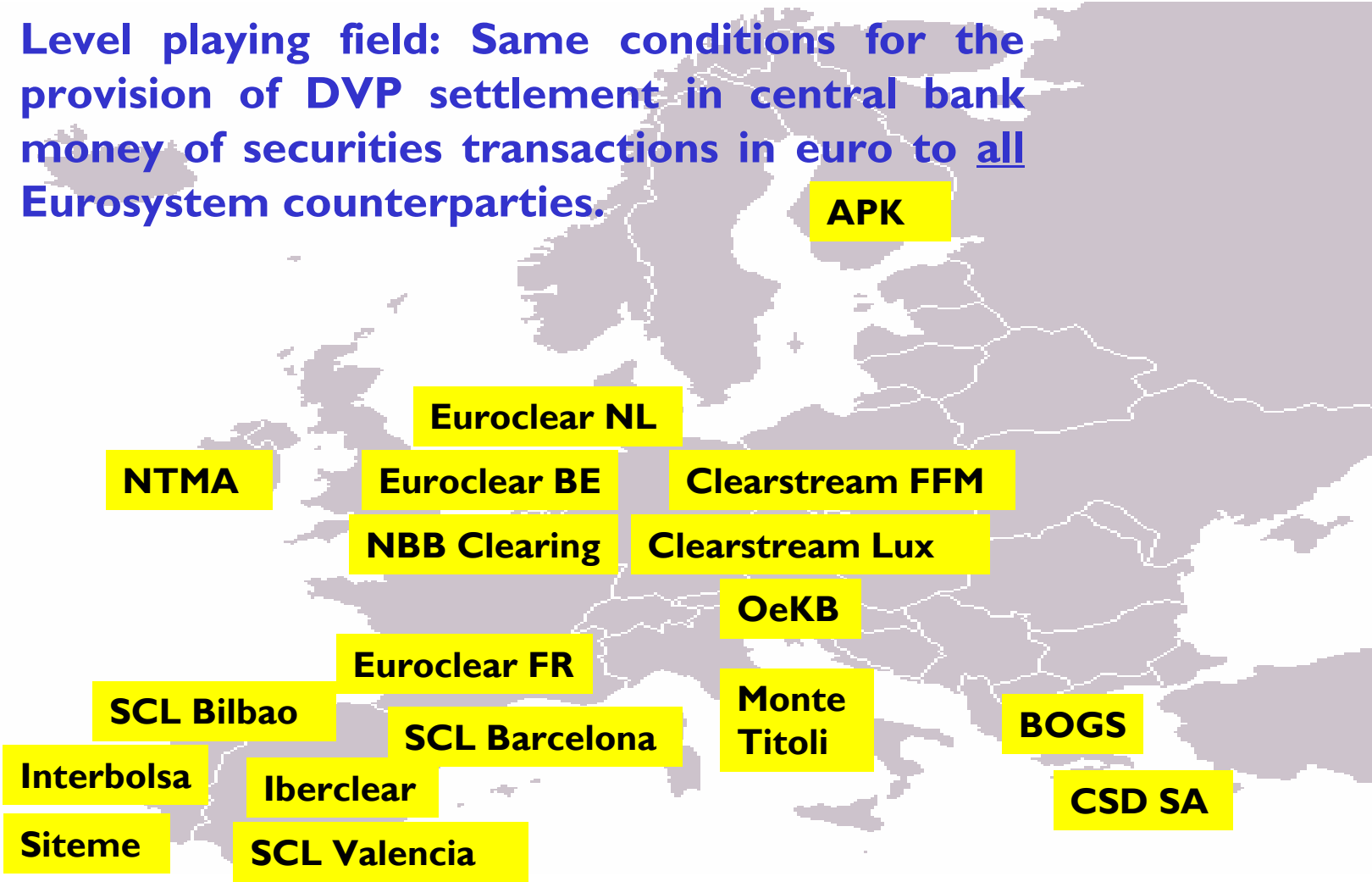


II. Objectives of Eurosystem initiative in securities infrastructure

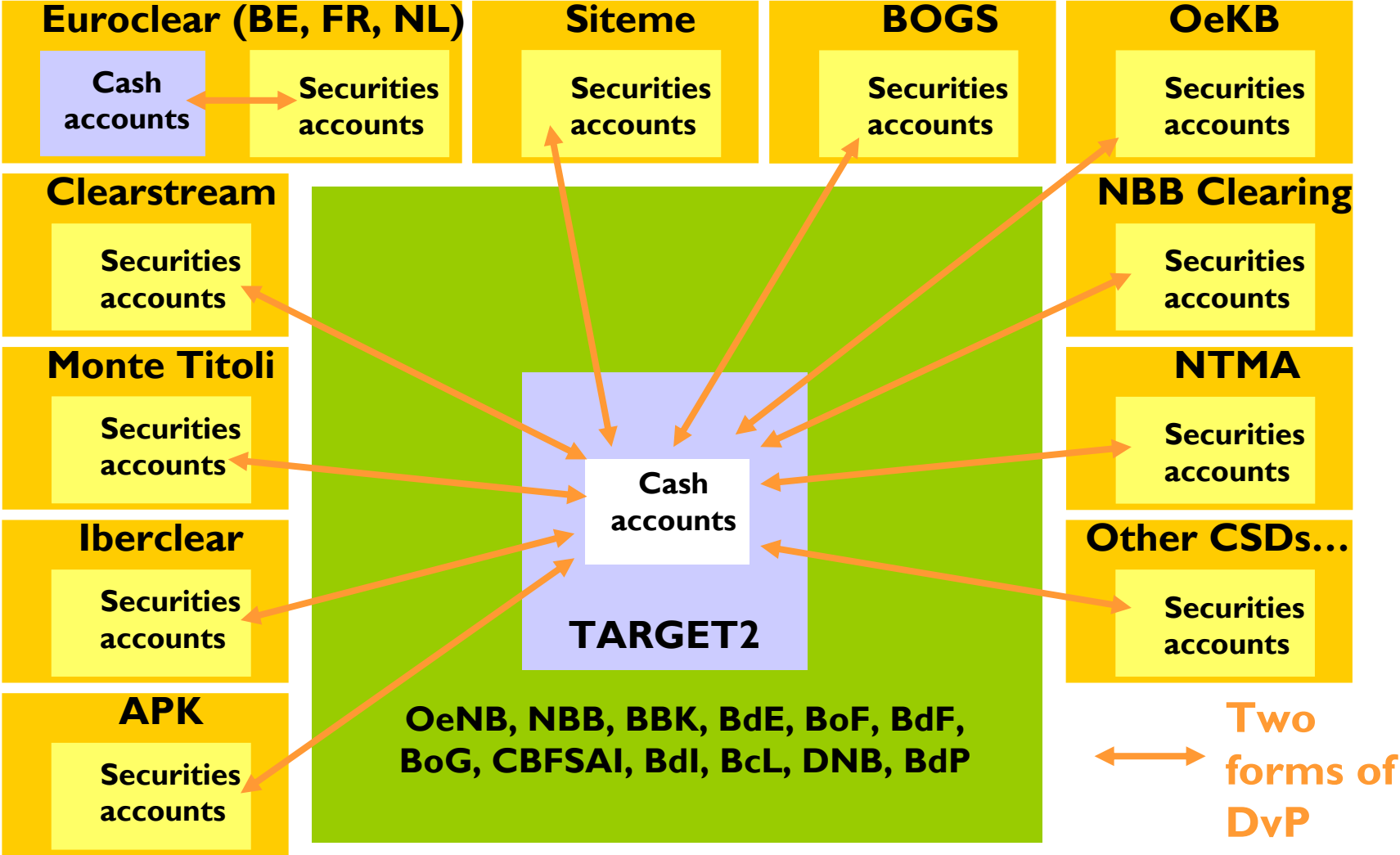
	Central Banks involved in Securities Settlement	Central Banks involved in Securities Settlement in the last 20 years	Central Banks <u>not</u> involved in Securities Settlement in the last 20 years
Non €-area	USA	UK	Germany
	Japan	France	Luxembourg
€-area	Belgium	Spain	Austria
	Greece	Italy	
	Portugal	Ireland	
		Netherlands	
		Finland (as a major shareholder)	

II. Objectives of Eurosystem initiative in securities infrastructure

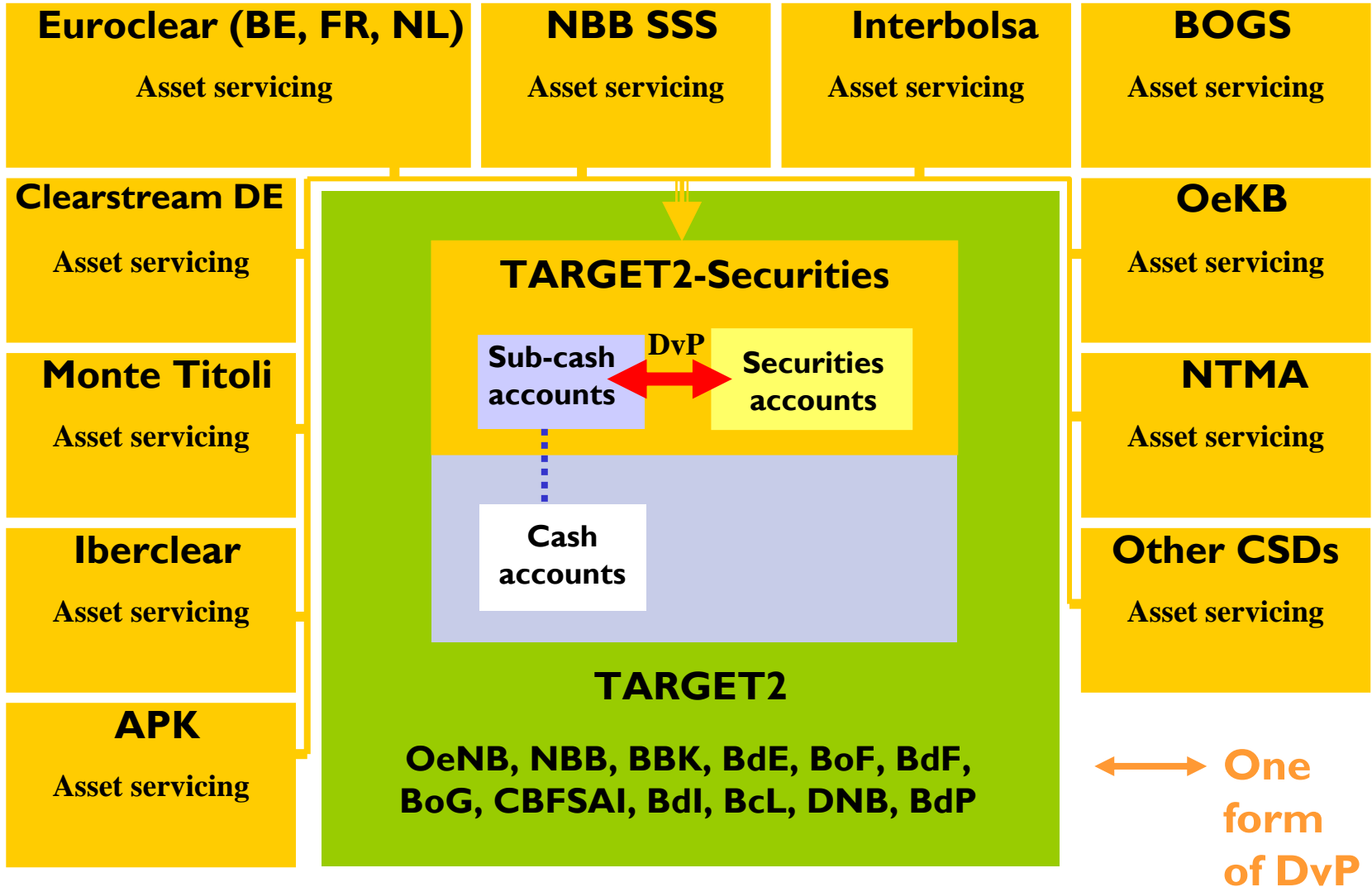
Level playing field: Same conditions for the provision of DVP settlement in central bank money of securities transactions in euro to all Eurosystem counterparties.



II. Objectives of Eurosystem initiative in securities infrastructure



II. Objectives of Eurosystem initiative in securities infrastructure



III. The potential benefits of T2S

- **Overall gains in efficiency of settlement**
- **Competition fostered**
- **Centralisation of securities handling possible**
- **Wider set of investors can be reached directly**
- **More efficient collateral handling procedures**

IV. Conclusions

T2S is fully compatible with the Code of Conduct and will lead to more integration and more efficiency.

Next steps:

- feasibility study (February 2007)**
- consultation with the markets (Spring 2007)**