

WELCOME ADDRESS

Jean-Michel Godeffroy, Chairman of the T2S Programme Board

Event marking the first signatures to the T2S Framework Agreement

Frankfurt am Main, 8 May 2012

Ladies and Gentlemen

It is a great pleasure to welcome you here today. Many of you have met in Frankfurt frequently over the last few years to join in discussing and exchanging views, and sometimes in struggling to find solutions acceptable to everybody. Today we have an agreement on the basis of which the Eurosystem and the central securities depositories will work in symbiosis, offering efficient and inexpensive settlement services to participants in the European financial markets.

I still clearly remember our debates in the years 2005 and 2006 when the idea of T2S was first conceived. In the absence of a private sector solution, the Eurosystem created T2S as a way to consolidate securities settlements in the euro area. Our initiative caught the attention of the European authorities: the European Council, the European Parliament and the European Commission. Their response was, and continues to be, positive and supportive. Non-euro countries even requested that the new system should be open to currencies other than the euro. Allow me to insist on this point: it was not the Eurosystem that decided to open T2S to other currencies; it was non-euro governments that asked for T2S to become multi-currency.

The most apparent advantage of T2S is that it will transform cross-border transactions into domestic ones, thereby reducing costs by 90% on average. In many countries, domestic settlement costs will also diminish. T2S will incorporate several advanced features for liquidity and collateral management. It will streamline the settlement process in Europe and act as a key driver for the harmonisation of market practices across the industry. Finally, T2S will help reduce risk in the European post-trade environment by providing real-time gross settlement in central bank money, and by implementing a robust business continuity solution. In other words, T2S will help Europe to remain a key player in the post-trade segment of the financial industry.

Delivery is now progressing at full speed. The four national central banks which are developing the software – Banca d'Italia, Banco de España, Banque de France and Deutsche Bundesbank – have already completed 65% of the work! Two licences for providing network connectivity services have been awarded to SWIFT and a consortium composed of SIA and Colt. T2S will also allow for connections

through dedicated lines. All in all, through effective competition, connectivity services in T2S will be among the cheapest in Europe.

I have chaired the T2S Programme Board for three years and our mandate will soon come to an end. I am very happy to see that we have fulfilled our mandate. Three factors have contributed to this success: first, the quality and the dedication of our staff, in the 4CB and at the ECB. In this respect, I would like to express a special thanks to Marc Bayle, who very skilfully headed the ECB team; to Vincent Bonnier, the co-ordinator of the 4CB teams; and to Petra Senkovic whom I would qualify as the main author of the Framework Agreement, which nine CSDs will sign today.

The second factor for success has been the confidence of the market. I am glad to see that many of those who, through the T2S Advisory Group, have helped us so much to understand market needs are present here today.

The third factor I would like to mention is the confidence of the Governing Council of the ECB. For the Eurosystem, T2S represents a major challenge, both financially and in terms of reputation. Nevertheless, the Governors gave plenty of freedom to the Programme Board, so that we could offer new solutions to new challenges. The Eurosystem defines and implements monetary policy. But it sells T2S services, and this is not the same thing. I appreciate that the Governing Council recognised that T2S is a unique project, of an unusual size, with external customers, and that it could not always be subject to the “one size-fits-all” principles defined for smaller inward-oriented projects.

I sincerely hope that new T2S Board will also retain these three keys to success, allowing it to process the first T2S transactions on time in June 2015.

I would now like to address a special thanks to the CSDs with whom we will sign the Framework Agreement, today and in the coming weeks. T2S is based on the outsourcing of the functioning of the securities accounts held by CSDs, who made it clear that they could not formally adhere to the project before their rights and obligations had been clarified.

It is no secret that the negotiations have sometimes been rather tough. But that is not unusual for such a complex project. I would like to emphasise that, on both sides, we have always looked for constructive solutions and I believe that, in the end, we achieved a fair and balanced compromise.

The CSDs that have decided to sign the T2S Framework Agreement as early joiners are all represented here today: Monte Titoli, BOGS, Clearstream Banking Frankfurt, Lux CSD, NBB-SSS, VP Securities, VP Lux, Depozitarul Central and Iberclear.

I would like now to invite Helmut Wacket, my colleague and friend from the T2S Programme Office, to come to the podium and guide us through today’s programme.