

VALENCIA STOCK EXCHANGE**JOINT WORK OF THE EUROPEAN SYSTEM OF CENTRAL BANKS AND
THE COMMITTEE OF EUROPEAN SECURITIES REGULATORS IN THE
FIELD OF CLEARING AND SETTLEMENT****CONTRIBUTION TO THE PUBLIC CONSULTATION OF CESR-ESCB**

Valencia, May the 6th, 2002

Dear Sir,

We are pleased to send you the contribution of this Stock Exchange on the document “Joint work of the European System of Central Banks and the Committee of European Securities Regulators in the field of clearing and settlement. A call for contributions from interested parties”.

We believe that the final recommendations to be issued by this Working Group should be taken the form of a European Union Directive that, of course, through the provided procedures, would be transposed to the national legislations.

Such a Directive should be as wide as possible, covering at least the securities custody, register, clearing and settlement. A distinction between securities should be made following their nature and/or their trading system.

Generally speaking this Stock Exchange shares the Working Group “Objectives”, underlining those referred to integration, suitably understood, and those related with a similar level of playing field for all the participants.

Though, in principle, we prefer a common European legal framework in these matters, it would be useful to be flexible about it.

In order to prevent the settlement risk, along with finality, delivery versus payment and settlement payments in central bank accounts, the objectification of the settlement date and the assurance in the delivery should be included.

In line with the aforementioned ideas, it should be provided the major possible convergence among the settlement cycles in the different countries or systems, without necessarily having a solely and common settlement cycle in all of them. In this sense, a T+3 settlement can constitute the reference that, for the time being, would be the most fitted for the sake of increasing the fulfilment and reducing the uncertainty in the European Union settlement systems.

Some additional time for reference and discussion, including, this consultative stage, is still necessary to pronounce with firmness and greatest detail on the “structural issues” of securities custody, registrar, clearing and settlement. At present it is possible to anticipate that as it is happen in the majority of the European economic processes, the

securities settlement one must be carried out in an adequately and integrated way. Moreover, the existing European Union countries systems should be evaluated and respected.

Yours faithfully,

Manuel Escámez Sánchez

Deputy Chairman and CEO