

Brussels, 23rd January 2009

RESPONSE

Consultation on CESR/ESCB draft recommendations for securities settlement systems, and draft recommendations for central counterparties

I. Introduction

The Federation of European Securities Exchanges (FESE) is a not-for-profit international association (AISBL) representing 42 Securities Exchanges (in equities, bonds, and derivatives) through 23 Full Members from all EU Member States and Iceland, Norway and Switzerland as well as 7 Corresponding Members from European emerging markets.

II. CESR/ESCB draft recommendations for securities settlement systems, and draft recommendations for central counterparties

FESE welcomes the opportunity that CESR has given the industry to respond to the draft recommendations for securities settlement systems (SSSs) and central counterparties (CCPs). We believe they send a positive message to the industry in defining minimum recommendations on how to achieve transparency and on how SSSs and Central Counter Parties (CCPs) should operate and manage risk.

FESE members acknowledge the work that regulators are doing in relation to the invitation of the European Council to ESCB and CESR to adapt the existing draft Recommendations on CCPs to explicitly address risks of OTC derivatives.

FESE members would also like to suggest that the passages relating to the Code of Conduct for Clearing and Settlement (paragraph 21 of the CESR/ESB consultation paper) in the introduction of the draft recommendations acknowledge that the Code is an industry-led initiative rather than public.

In order to better understand the application of the recommendations, FESE members would like to obtain further clarification on the timeline and cooperation between supervisors expected in the future evaluation of these recommendations.

We would like to thank CESR for the opportunity to respond to this consultation and furthermore we would like to confirm our support for the regulators in ensuring the safety and soundness of the post-trading industry. We look forward to continuing our cooperation with CESR in the future.