

European Central Bank
Secretariat Division
Kaiserstrasse 29
D-60311 Frankfurt am Main
Germany

Copied to: Victoria Powell, Director for Communication and Common Supervisory Culture, CESR

20th January 2009

Dear Secretariat,

Thank you for the opportunity to participate in the ESCB/CESR Recommendations for Securities Clearing and Settlement Systems and Central Counterparties in the European Union consultation.

Goldman Sachs is supportive of the objectives of these Recommendations which will seek to promote a competitive, efficient, safe and sound pan-European post trading landscape. Goldman Sachs is currently participating in a number of European initiatives which should contribute to the success of the ESCB/CESR Recommendations, including CESAME II and Target 2 Securities.

As pan-European users of Securities Clearing and Settlement systems, Goldman Sachs has experience of the various national specificities and market requirements that are currently the barriers to creating an integrated and efficient low cost European Securities market. We therefore welcome and are supportive of the 34 Recommendations proposed by ESCB/CESR.

Outlined below are our comments related to specific Recommendations:

- *Recommendation 3: Settlement Cycles and Operating Times: C.11* – The European Securities Services Forum (ESSF) has recently published buy-in standards. The Recommendations should reference these approved standards.
- *Recommendation 4: Central Counterparties: C.4* – The Recommendations note that substantial setting up and day to day running costs will be required for a new CCP, we would therefore encourage the Recommendations to state that an existing CCP should be appointed.
- *Recommendation 6: Central Securities Depositories: C.6* – Goldman Sachs supports the removal of direct holding systems and we would hope that this Recommendation would enforce omnibus account structures.

- *Recommendation 11: Risks in Links Between CSDs: C.8* – As above, the ESSF has recently published buy-in standards. The Recommendations should reference these approved standards.

The success of the Recommendations will depend on whether they are successfully implemented across the EU. It is therefore crucial to put in place a robust process to monitor compliance with the recommendations. ESCB/CESR have outlined detailed assessment criteria for Public Authorities to evaluate the infrastructures, however we would strongly recommend ESCB/CESR to also initiate a regular review of the implementation of these Recommendations.

We would find it useful to understand further how the relationship between the ESCB/CESR Recommendations and the Target 2 Securities project will evolve.

We welcome the opportunity to discuss in more detail any of these points and look forward to continue working with you. Please do not hesitate to contact me if you have any queries.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Isabelle Hennebelle', written over a horizontal line.

Isabelle Hennebelle
Executive Director
Bank Relations and Market Infrastructure