

## Mario Draghi: The TARGET2-Securities Framework Agreement

Address by Mr Mario Draghi, President of the European Central Bank, at the event marking the first signatures to the T2S Framework Agreement, Frankfurt am Main, 8 May 2012.

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Ladies and gentlemen,

I am very pleased to welcome you to Frankfurt today on the occasion of the signing of the T2S Framework Agreement by a first group of central securities depositories, or CSDs.

T2S is an important project for the Eurosystem and for Europe. It is a key component of the European market infrastructure, and the Governing Council of the ECB remains committed to delivering it.

I fully share this commitment, and I am glad to be here today representing the Eurosystem, together with fellow Governor Visco, and other colleagues from National Central Banks. Allow me to thank them for taking the time to be here with us.

I joined the Governing Council as Governor of Banca d'Italia in early 2006, and it was around that time that we started discussing T2S. It was in July 2006 that we decided to consult and involve European CSDs and market participants, to ensure that T2S would fulfil the needs of the market.

The main reason for the Eurosystem to embark on this project was to address the costly fragmentation of securities settlement market infrastructure, and to achieve greater technical harmonisation in the European securities settlement market. T2S allows for efficient and integrated securities settlement.

The fundamental objective of T2S is to contribute to making Europe a better place to invest, by fostering a single market in post-trade services. It will make financial markets safer and more efficient, and it will increase transparency in the post-trade environment.

Ultimately, investors will benefit from lower cross-border transaction and liquidity costs and from better investment possibilities. Issuers will benefit from deeper and more diversified sources of funding.

T2S is important for Europe. It will be a major contribution to the strengthening of the Single Market.

The Single Market has already brought many benefits, which are, at times, forgotten or taken for granted.

It is during times of crisis that we should not allow our commitment to the cause of further market integration to fade. It is during difficult times that we should remember the importance of cooperation and coordination.

There has been much progress towards further integration in recent years. The most visible example was the adoption of the Single Market Act in April 2011 by the European Commission. A Single Market Act II will follow by the end of this year. But there are many other ongoing initiatives, some of which had been started even before the outbreak of the financial crisis.

Europe's new supervisory structure has been developed in acknowledgement of the fact that the financial system of the EU is now very much interconnected, and the externalities arising from it are no longer confined to the national level. There is also a comprehensive set of new legislation which aims to reform financial market regulation, covering not only the trading level, but also – for the first time – the infrastructure for clearing and settlement.

All these initiatives aim to create a level playing field in Europe, to remove barriers to competition, to facilitate cross-border business, and ultimately to strengthen the process of financial market integration.

However, we should not forget that financial market integration needs to be complemented and supported by the integration of the underlying infrastructure. The Eurosystem's most fundamental contribution to integration in this field is the creation of T2S.

T2S is therefore part of this important integration process. It brings to it an operational dimension. It provides the integrated infrastructure necessary for creating a single market for settlement services in Europe.

For this reason, the European authorities, and in particular the ECOFIN Council, have expressed their support for this project on more than one occasion.

Today's event is therefore not only important for the market participants involved, but also for Europe.

I would like to warmly congratulate the CSDs that are here with us today and have signed the T2S Framework Agreement. Without your valued support and active participation, T2S would simply not have been possible.

I would also like to congratulate all those involved in the governance of T2S. It is thanks to the combined efforts of all the T2S governing bodies that we have been able to reach this milestone in the project.

Today's signing of the T2S Framework Agreement will mark the start of an entirely new phase of the project. From now on, the Eurosystem and the CSDs will be even more closely united in this mutual enterprise. The staff of our respective organisations will increasingly need to work together – like a single team – for the success of T2S.

The time between now and the launch of T2S will pass by quickly. Much has already been achieved, but much of the hard work still lies ahead.

I am confident that our common T2S endeavours will continue to be a success, and I look forward to continuing our cooperation with the CSDs and with market participants.

Thank you very much for your attention.