

From: [Jackson, Kathie](#) on behalf of [CPSS, Service](#)
To: [Lindley, Robert](#); [Heller, Daniel](#)
Subject: 2 France individual (Pierre Lichterowicz)
Date: Monday 14, March, 2011 12:34:04

-----Original Message-----

From: Pierre Lichterowicz [<mailto:Pierre.Lichterowicz@univ-lyon2.fr>]
Sent: Monday 14, March, 2011 12:06
To: CPSS, Service
Cc: fmi@iosco.org
Subject: Principles for financial market infrastructures. March 2011.

Dear Sir

1 - excellent business synthesis and very clear document.

2 - May I, as a 30 years experience SS operational manager and academic trainer, ask 4 questions?

1 - wording only : why did CPSS kept the word "infrastructure" to describe the post execution process? This leads to some incoherence on wording and approach. Market infrastructures are obviously larger than PS-CCP-SSS-CD-TR, no ? (data vendors, CRA, carriers, registrar, price computers ...or market venues) . Any reason for this or is it only wording history and tradition ?

2 - Market matching utility are core to some players and markets (as risk mitigant). Reason why Euroclear Bank Brussels bought the major one 2 years ago. Why is this basis function out of scope ? (not talking about the T+O principle but about underlying tools and players)

3 - Fund business : the fund specific infrastructure and players are also out of scope when generating the annual major banking business revenu (+/- 120 bp/year out of USD 50 trillion of AUA). Dont we remember that the present crisis began in Europe with 3 BNPP fund NAV computation (none of them using traditional "market infrastructure")? In addition, if some types of Mutual funds can be used as collateral, this highlights their role in credit risk review.

4 - the control and governance of main standardisation entities (ISO-SWIFT-TC68, FpML, FIX) is core and pre-requisite to any market actual enhancement. This is clearly pure infrastructure and market future. Governance and control of those entities are the basis of operational and legal risk mitigation (in addition to political ones : cf SWIFT leaks to US authorities and EU reactions).

Best regards

Pierre Lichterowicz