

Ignazio Visco: The TARGET2-Securities Framework Agreement

Key statement by Mr Ignazio Visco, Governor of the Banca d'Italia, at the event marking the first signatures to the T2S Framework Agreement, Frankfurt am Main, 8 May 2012.

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I am very pleased to be here today to sign, on behalf of Banca d'Italia acting in the name of the Eurosystem, the Framework Agreement with Monte Titoli.

This is an important day for T2S, since this signature represents the achievement of one of the crucial milestones of the project. We all know that the last two years of negotiations between the Eurosystem and the European central securities depositories have not always been simple and straightforward and I would like to thank the Programme Board and the CSDs for the efforts they have made to reach a common consensus on such a relevant legal act.

From now onwards the Eurosystem and the CSDs will have to jointly focus on making T2S a reality. The Eurosystem will have to deliver T2S to the market according to schedule. The CSDs will have to adapt their internal systems to the pan-European platform.

This is an important day not only for T2S but for the European financial community at large, which can reap significant benefits from T2S. The reduction of settlement costs that will be achieved thanks to the economies of scale which this project will bring about has the potential to greatly enhance the competitiveness of our marketplace. Furthermore, by harmonising the settlement process T2S will stimulate competition among CSDs and between them and the large custodian banks. Perhaps even more important is the role that T2S will play as a catalyst for further harmonisation of the European financial market, at a time when the design of a new European CSD Regulation is striving to remove legal barriers. We are therefore aware that a significant signal is being delivered today. It is a signal of confidence in the importance of the area's financial integration, against some tendencies of financial fragmentation that we are currently observing. Not so far is the day in which the very concept of cross-border transactions in Europe will lose any meaning.

I am very pleased that the Italian banks and Monte Titoli have supported this project from the very beginning. As a representative of the Eurosystem, let me congratulate in particular Monte Titoli on its early decision to join T2S by migrating already in the first wave, a decision that has greatly enhanced the chances of success of the project.

Now that hopefully all CSDs in the euro area will sign the Framework

Agreement by the end of June, the main challenge facing us is the implementation of a sound governance of T2S, which has to involve in an appropriate way all stakeholders, i.e., market players, the Eurosystem and non-euro area central banks.

The aim is to balance the rights of the Eurosystem – as system owner and operator – with the rights of the CSDs which will adopt T2S, and with those of the central banks which eventually will provide their currencies to T2S. At the same time, the needs of securities market users will have to be respected.

Let me finally state that Banca d'Italia, as one of the providers of T2S, is firmly committed to the success of this project and to fulfil the expectations of the Eurosystem and of the European market community.