



Mr J-M Godeffroy
Executive Director
European Central Bank
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advance copy by e-mail

Dear Mr Godeffroy

THE ORGANISATION OF THE FIRST PHASE OF THE TARGET2-SECURITIES PROJECT

We thought we should let you know quickly that there are serious concerns among the associations about the arrangements for the governance of T2S, announced yesterday. It appears that the importance of securities firms in the European securities markets has been overlooked, since there is no role for representatives of these firms which are not part of the credit sector. These firms include some of the most sophisticated, demanding users of the markets (and by extension of the settlement system). The undersigned associations, and others, drew your attention to the need to provide appropriate representation for the securities sector in our comment letters published on 9 February. It remains important to take a broad view of the term 'bank', including firms active in the securities business who do not hold a banking licence.

As a minimum, it seems to us that the securities sector associations should be permitted one observer on the Advisory Group. We envisage that that person would represent the interests of the securities sector as a whole. We will be in touch in the next few days with some suitable candidates.

Please let us know quickly if you have any difficulties with this proposal. We will let you have further details in relation to our proposal shortly.

Yours sincerely

**John Serocold,
Director
London Investment
Banking Association**

**Dr Werner Frey
Chief Executive,
European Securities
Forum**

**Nick Collier
Head of Regulatory Policy
International Capital Markets
Association**

PS: Unfortunately it seems that the Press has already identified the absence of representation for the securities sector as an issue.