

EUROPEAN REPO COMMITTEE

G128 - FINAL

Mr. Jean-Michel Godeffroy

DG Payments Systems & Market Infrastructure
European Central Bank

by e-mail

March 22, 2007

Dear Mr. Godeffroy, *dear Jean-Michel,*

We appreciate the opportunity to provide further thoughts on the governance of the T2S project, notably the composition of the Steering Committee, in addition to what we submitted in our letter of January 31. We maintain that proper governance of the project is not only the key to its acceptance by direct and indirect users (CSDs and their participants, respectively), but also to its successful design, construction, and operation.

As I had the opportunity to emphasise on numerous occasions, the repo market is the oil on the wheels of the financial industry as secured funding is today the norm. We therefore repeat our urgent request that the ECB find a way to provide for direct representation of the repo community in the T2S Steering Committee.

Finally, I would like to reiterate on behalf of the members of the ERC that appropriate representation of the securities industry in the Steering Committee must in any case be assured. We are aware of the letter that a number of securities industry associations (among them SIFMA/EPDA, ESF, LIBA, ICMA) is sending to you. We fully support the thrust of this letter in this regard and we take it for granted that the securities industry will be adequately represented.

The ERC will discuss internally who to nominate for the repo community's seat on the Steering Committee; it seems probable that it will be me, supported (and occasionally substituted) by Mr. Roger Moran of Credit Suisse who is the Chair of the ERC Operations Group.

The ERC and I are looking forward to further discussions on all aspects of T2S feasibility, governance, design, and development.

With kind regards,

A handwritten signature in black ink, appearing to read "De Vidts", with a long horizontal line extending to the right.

Godfried De Vidts, Chairman of the ERC