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Zurich, 28th February 2011

## **PROPOSED REFORMS TO SPAIN'S SECURITIES CLEARING, SETTLEMENT AND REGISTRY SYSTEM**

Dear Sirs

We are responding to the CNMV's consultation launched on 14 January, and as a major infrastructure in Europe (see below), we welcome the opportunity of doing so in a brief and concise way, focussing on:

- (i) The establishment of a CCP for the Spanish Market (questions 1-9);
- (ii) The abolition and replacement of the Registry system (questions 17-29); and
- (iii) The Implications for the structure and competitiveness of Spain's financial sector (questions 32 – 37).

Although our responses are brief, we stand ready to willingly follow up any aspect in our response, and more widely (e.g. on T2S), with the CNMV and/or Iberclear.

### **Why are SIX Securities Services interested?**

SIX Securities Services offer, through our CSD, SIX SIS AG ("SIS"), settlement, custody and asset servicing to clients throughout Europe, including the Member States of the European Union. We are both an Issuer and an Investor CSD, as well as the operator of SECOM, the Swiss settlement system. As part of the SIX Group (see below), we are strong promoters of an open market, encouraging links and access throughout our open architecture model. SIX Swiss Exchange is one of the top 5 largest regulated equity markets within Europe and we jointly operate the largest warrants and structured products market within Europe – Scoach, as well as the derivatives exchange, Eurex. In the clearing segment, SIX x-clear AG is active as a CCP Service Provider across Europe, with SIX x-clear AG and LCH.Clearnet Ltd having first extended an interoperable service to the London Stock Exchange in 2008. As such, the SIX Group offers services not only related to EU securities traded, cleared and settled in the EU, but also for non-EU securities traded, cleared and settled within the EU borders.

### **About the SIX Group**

SIX Securities Services are part of the SIX Group which operates Switzerland's financial market infrastructure and offers on a global scale comprehensive services in the areas of securities trading,

clearing and settlement, as well as financial information and payment transactions. The company, which resulted from the merger of the SWX Group, Telekurs Group and SIS Group at the start of 2008, is owned by its users (160 Swiss and foreign banks) and, with its workforce of approximately 3,700 employees and presence in 23 countries, generates annual revenues of the equivalent of approximately 1.3 billion Swiss Francs.

#### **Establishment of a CCP for the Spanish Market**

We very much welcome this development, which will add considerably to the efficiency and safety of the Spanish market. We in particular commend the authorities' conclusions in (i) basing the regulatory requirements on EMIR and the development of technical standards by ESMA; (ii) advocating that the Spanish market could be served by more than one CCP, perhaps through inter-operability; and (iii) leaving the question of the ownership model open. The conditions, notably the appropriate governance model, for the establishment of a CCP described in paragraph 42 of the paper strike us as the right ones. We would add that the Swiss CCP, x-clear, has widespread experience of providing clearing services to a range of trading venues. As well as the London Stock Exchange noted above, we provide clearing services for Equiduct and the Berliner Börse, and for MTFs and dark pools, and we have pioneered the use of inter-operability. And so this could prove a useful flexible and adaptable model for the Spanish market.

#### **Changes in the Registry system**

We support the abolition of the system of Registry References (RRs), while maintaining the continued use of the book-entry system, and de-materialised securities, thus bringing the Spanish market closer to counterparts in the rest of Europe, notably through conventional debit and credit entries against participants' accounts in the CSD. RRs have been a source of enduring frustration for non-Spanish participants in the Spanish market for some years. The abolition of RRs should permit a greater degree of flexibility in the disposition of securities in the Spanish market, facilitating the deployment of a greater range of system-wide tools, such as securities lending and borrowing, which will benefit a broad range of participants. We support the continuance of other aspects of the current system, for instance the two-tiered registry (paragraph 101) and the division of responsibility between the CSD and participants for the maintenance of the accounting records relating to securities' balances.

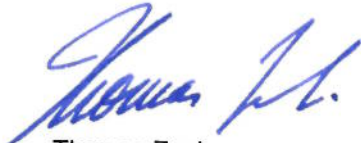
#### **The Implications for the structure and competitiveness of Spain's financial sector**

As implied above, we believe that the changes proposed by the CNMV will have a positive effect on the Spanish Market as a whole, notably in reducing the costs of the registration process, while enhancing risk reduction. While some consolidation of domestic participants may occur, the effect of the changes will be to lower the barriers to entry for post-trading, and therefore make the Spanish market more attractive to overseas participants and investors alike.

We hope you find these comments of use. If you require any further information at this stage, may I suggest that our Head of Market Policy, Alex Merriman (contact: [Alexander.Merriman@six-group.com](mailto:Alexander.Merriman@six-group.com) or on + 41 58 399 4583) would be pleased to assist.

Yours sincerely

SIX Securities Services

A handwritten signature in blue ink, appearing to read 'Thomas Zeeb'.

Thomas Zeeb  
Chief Executive Officer

A handwritten signature in blue ink, appearing to read 'Alex Merriman'.

Alex Merriman  
Head of Market Policy