

The signing of this agreement is undoubtedly an important milestone of the T2S project and documents a remarkable aspect of the T2S project, the most complex IT project the Eurosystem has started up to now. Its complexity is not only technical, but lies also in the governance and other legal arrangements which we had to work out together and which are at the heart of this agreement. T2S to be successful requires indeed a very close cooperation between the public sector and private sector, between the Eurosystem and other central banks as settlement agents and the central securities depositories who will remain in charge vis-à-vis their customers of clearing, settlement, custody and various other services.

I had the chance thirteen years ago, like others here to be involved in the launch of the first version of the Target system and I witnessed its immediate impact on the functioning of the cash market. With T2S, I believe, we will see a similar effect: the different actors in the market will review their business case and redesign their present activities to benefit from the new opportunities. But I do also believe that T2S will, in abolishing market segmentation, contribute to the development of a vast and liquid securities market. By doing so, it will as well support financial institutions in the area of collateral management, whose importance no one would question in these times of financial stress.

Still a lot remains to be done before the system will start to operate. Development and testing on both sides are the next steps. But allow me to highlight one work stream, that is indispensable for the full success of our common project. The establishment of efficient arrangements between the CSDs, the so-called links, is indeed required to ensure a smooth and seamless cross order flow of securities.

Luxembourg as a financial Center with a very internationally oriented business is particularly proud to have today two signatories to the framework agreement:

Lux-CSD is a joint venture between Clearstream Banking Luxembourg and the Banque centrale du Luxembourg. Its objective is to provide the Luxembourg based actors a direct access to clearing and settlement in central bank money and to offer new clearing and settlement possibilities in particular to the fund industry.

But Luxembourg has also succeeded in attracting other CSDs from abroad. Our colleagues from VP Denmark have set up a couple of years ago a subsidiary to expand their activity in the eurozone. VP-Lux's services also cover amongst others services to the investment fund industry. VP-Lux will migrate its clearing and settlement activity to the new platform in the third migration wave.

As the representative of the Banque centrale de Luxembourg, I am particularly satisfied with the fact that the Luxembourg based Market infrastructures have taken up the challenge of T2S and will permit market participants to access T2S according to their choice.