

Feedback to consultation paper

Document Title	T2S Consultation Paper: Principles and High Level Proposals
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Proposal Nr.	Statement	Comment	Institution	Confidential
1	I agree	The proposal should not affect the account structure but only the way they are coded, and leave unchanged the existing domestic account structure. The coding of accounts should be functional only to settlement activity and not to custody. Some markets wish to have the possibility to link up a single trading participant (i.e. broker/dealer) to more than one settlement account.	ABI - ASSOSIM - MONTE TITOLI - CC&G - BORSA ITALIANA - MTS	No
2	I agree	T2S should guarantee a sufficient flexibility in order to preserve the present level of efficiency and functionality provided by CSDs.	ABI - ASSOSIM - MONTE TITOLI - CC&G - BORSA ITALIANA - MTS	No
3	I agree	Users, as reported in comment of proposal, have to choose how many cash account open.	ABI - ASSOSIM - MONTE TITOLI - CC&G - BORSA ITALIANA - MTS	No
4	I agree	It is of a primary importance the user's possibility to use multiple accounts in order to choose their level of segregation.	ABI - ASSOSIM - MONTE TITOLI - CC&G - BORSA ITALIANA - MTS	No
5	I agree	In principle we agree with the proposal, as if its goal is to allow settlement agents to selectively dedicate part of the liquidity to indirect cash participants. In our opinion the same results could be achieved more efficiently by adopting credit limits (so called "caps") to be applied to indirect cash participants.	ABI - ASSOSIM - MONTE TITOLI - CC&G - BORSA ITALIANA - MTS	No
6	I agree	Members which participate to more than one CSD would appreciate to have facilities that allow for a consolidated view of the securities positions.	ABI - ASSOSIM - MONTE TITOLI - CC&G - BORSA ITALIANA - MTS	No
7	I agree		ABI - ASSOSIM - MONTE TITOLI - CC&G - BORSA ITALIANA - MTS	No

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8	I agree	CSDs should be entitled to open not only technical accounts but also direct participants accounts.	ABI - ASSOSIM - MONTE TITOLI - CC&G - BORSA ITALIANA - MTS	No
9	I agree	Please note that in Italy account segregation is mandatory.	ABI - ASSOSIM - MONTE TITOLI - CC&G - BORSA ITALIANA - MTS	No
10	I agree	Collateralisation mechanisms should be on stock as well as on flow . Keep in mind that securities segregation for collateral purposes is not necessary in some cases. For instance, the Italian system handles collateral profiles without segregation of securities.	ABI - ASSOSIM - MONTE TITOLI - CC&G - BORSA ITALIANA - MTS	No
11	I agree		ABI - ASSOSIM - MONTE TITOLI - CC&G - BORSA ITALIANA - MTS	No
12	I do not agree entirely	Securities reference data must be amended only by the issuer CSD.	ABI - ASSOSIM - MONTE TITOLI - CC&G - BORSA ITALIANA - MTS	No
13	I agree		ABI - ASSOSIM - MONTE TITOLI - CC&G - BORSA ITALIANA - MTS	No
14	I agree		ABI - ASSOSIM - MONTE TITOLI - CC&G - BORSA ITALIANA - MTS	No
15	I agree		ABI - ASSOSIM - MONTE TITOLI - CC&G - BORSA ITALIANA - MTS	No
16	I agree		ABI - ASSOSIM - MONTE TITOLI - CC&G - BORSA ITALIANA - MTS	No
17	I agree	We believe that a 24/7 approach should be adopted in order to provide the required flexibility CSDs need to process value added services maintaining the same level of functionality. This would be in line with principle 5.	ABI - ASSOSIM - MONTE TITOLI - CC&G - BORSA ITALIANA - MTS	No

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18	I agree	Non-harmonised deadlines set by CSDs should not interfere with the correct operations of T2S.	ABI - ASSOSIM - MONTE TITOLI - CC&G - BORSA ITALIANA - MTS	No
19	I agree		ABI - ASSOSIM - MONTE TITOLI - CC&G - BORSA ITALIANA - MTS	No
20	I do not agree entirely	In line with principle 5 T2S should ensure at least the same level of functionality and efficiency already provided by CSDs. For example, some current market hours are more extended than the TARGET2 operating hours. To restrict market operating hours in order to meet anticipated deadlines of T2S would create a damage to the market. In case of government bonds markets, those deadlines would indirectly affect the management of the public debt. The current operating hours guaranteed by CSDs are more extended than the TARGET2 ones. It must be guaranteed that Markets can keep on sending settlement instructions as per the current deadlines, therefore for trades with settlement longer than T+0 the deadline should be later than the T2 cut off. The autonomy of markets in establishing the trading hours must be maintained: of course markets have to take into account limits deriving from the settlement system operating hours, but such limits cannot be stricter than the current ones since this would represent a detriment of the settlement service provided.	ABI - ASSOSIM - MONTE TITOLI - CC&G - BORSA ITALIANA - MTS	No
21	I agree		ABI - ASSOSIM - MONTE TITOLI - CC&G - BORSA ITALIANA - MTS	No
22	I do not agree entirely	An appropriate conclusion can be reached after a more detailed analysis of the user's requirements. In general terms, T2S should avoid a downgrading of the services presently provided by CSDs. With respect to markets, the same comments raised for proposal 20 apply.	ABI - ASSOSIM - MONTE TITOLI - CC&G - BORSA ITALIANA - MTS	No
23	I do not agree entirely	The use of night-time settlement period should be strongly recommended - mandatory for markets with high volumes - in order to maximize the liquidity and the settlement performance. Specific exceptions (i.e. for markets with low settlement volumes) would be respected. To help CCPs interoperability harmonised rules are recommended.	ABI - ASSOSIM - MONTE TITOLI - CC&G - BORSA ITALIANA - MTS	No
24	I agree		ABI - ASSOSIM - MONTE TITOLI - CC&G - BORSA ITALIANA - MTS	No

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25	I agree	See answer to proposal 18.	ABI - ASSOSIM - MONTE TITOLI - CC&G - BORSA ITALIANA - MTS	No
26	I do not agree entirely	We think that T2S has to be designed according to an open architecture allowing the development of other functionalities but any of them should be subjected to cost-benefit analysis. We also think that costs of any specific system developments should be charged to the requestor(s) and not be borne by the entire T2S community without distinction.	ABI - ASSOSIM - MONTE TITOLI - CC&G - BORSA ITALIANA - MTS	No
27	I do not agree entirely	Validation and matching should be services provided in a competitive environment. The matching location may differ from CSDs or T2S and provided by third parties using the common reference data centralized in T2S. We also think that development costs of this T2S functionalities should be charged to the requestor(s) CSDs and not be borne by the entire T2S community without distinction and, anyway, the cost of the service has to be separately charged; this means that it cannot be bundled in the settlement fees. Since competition must be granted in the provision of lifecycle management services, markets, CCPs and users must have the option of either sending settlement instructions to the various CSDs or transmitting the settlement messages directly to T2S (assuming that legal authorisations with CSDs are in place).	ABI - ASSOSIM - MONTE TITOLI - CC&G - BORSA ITALIANA - MTS	No
28	I agree		ABI - ASSOSIM - MONTE TITOLI - CC&G - BORSA ITALIANA - MTS	No
29	I agree	Please specify what settlement eligibility rules consist of.	ABI - ASSOSIM - MONTE TITOLI - CC&G - BORSA ITALIANA - MTS	No
30	I do not agree entirely	By reason of efficiency, once transactions have been matched by CSDs or any other matching provider (in accordance with comments to proposal 27), T2S should not repeat any matching activity on those transactions. Furthermore, we believe that the designation of the same location for matching has to be made automatically according to rules to be agreed and not by the parties. This in order to minimize the impact on the users' back offices IT platforms and organizations as well as on their internal processes.	ABI - ASSOSIM - MONTE TITOLI - CC&G - BORSA ITALIANA - MTS	No

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31	I agree	T2S matching rules shall take into account CCP and CCPs interoperability.	ABI - ASSOSIM - MONTE TITOLI - CC&G - BORSA ITALIANA - MTS	No
32	I do not agree entirely	Domestic matching rules could differ since they follow specific market practices.	ABI - ASSOSIM - MONTE TITOLI - CC&G - BORSA ITALIANA - MTS	No
33	I do not agree entirely	This rule can be applicable to OTC transaction; for what concern trades dealt on trading platforms, cancellation should be allowed under request of the same platform. More in general, those electronic markets that will send settlement instructions either to the CSDs or to T2S must maintain the right of sending cancellation messages within the same trade date or even afterwards (depending on the type of securities) as per the existing practice T2S matching rules shall take into account CCP and CCPs interoperability.	ABI - ASSOSIM - MONTE TITOLI - CC&G - BORSA ITALIANA - MTS	No
34	I agree		ABI - ASSOSIM - MONTE TITOLI - CC&G - BORSA ITALIANA - MTS	No
35	I agree	In principle we agree but we feel the need to specify what enrichment consist of.	ABI - ASSOSIM - MONTE TITOLI - CC&G - BORSA ITALIANA - MTS	No
36	I agree		ABI - ASSOSIM - MONTE TITOLI - CC&G - BORSA ITALIANA - MTS	No
37	I agree		ABI - ASSOSIM - MONTE TITOLI - CC&G - BORSA ITALIANA - MTS	No
38	I do not agree entirely	T2S should provide a common tool box while sequencing and prioritisation rules should be defined by CSDs and domestic market users.	ABI - ASSOSIM - MONTE TITOLI - CC&G - BORSA ITALIANA - MTS	No
39	I do not agree entirely	In principle we could agree but according to the comment on proposal 38.	ABI - ASSOSIM - MONTE TITOLI - CC&G - BORSA ITALIANA - MTS	No

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40	I do not agree entirely	Does recycling mean fails management? If this is the case, it must be pointed out that Monte Titoli satisfies different requirements depending on the trading venue and/or CCPs. Anyway, we believe that these rules have to remain into the domain of the trading venues and any decision on their harmonisation has to be taken by them and/or their associations.	ABI - ASSOSIM - MONTE TITOLI - CC&G - BORSA ITALIANA - MTS	No
41	I agree	The scope of the proposal needs to be more precise. It must be made more clear that "auto collateralisation" includes on stock and on flow mechanism.	ABI - ASSOSIM - MONTE TITOLI - CC&G - BORSA ITALIANA - MTS	No
42	I do not agree entirely	The optimization functionalities must provide at least the same level of complexity currently ensured by Monte Titoli. For CCPs activity, optimisation (both during the nightcycles and daycycle) should follow the following principle: FIFO or FIFO/FAFO up to the same intended settlement date.	ABI - ASSOSIM - MONTE TITOLI - CC&G - BORSA ITALIANA - MTS	No
43	I agree	Please note that, while it is necessary to attempt settlement as early as possible, it must be taken into account that some instructions can not be subject to net optimization functionalities (for example: instructions related to non fungible securities; please refer also to comment on proposal 23).	ABI - ASSOSIM - MONTE TITOLI - CC&G - BORSA ITALIANA - MTS	No
44	I agree	In principle we agree. In Italy the technical netting process aim to maximize not only the number of settled transactions but also their countervalue.	ABI - ASSOSIM - MONTE TITOLI - CC&G - BORSA ITALIANA - MTS	No
45	I agree	In principle we agree.	ABI - ASSOSIM - MONTE TITOLI - CC&G - BORSA ITALIANA - MTS	No
46	I agree	Please refer to comment on proposal 40.	ABI - ASSOSIM - MONTE TITOLI - CC&G - BORSA ITALIANA - MTS	No
47	I agree	In principle we agree as we consider shaping and partial delivery as key features of a modern settlement system. It must be stated when shaping is triggered and what its domain is (everything; at participant's choice; only to fails; etc..) since we have to follow different rules depending on the features of the trading venues. See also comment on proposal 40.	ABI - ASSOSIM - MONTE TITOLI - CC&G - BORSA ITALIANA - MTS	No
48	I agree	In principle we agree. Nevertheless, we reaffirm the need for domestic markets to define their own recycling rules.	ABI - ASSOSIM - MONTE TITOLI - CC&G - BORSA ITALIANA - MTS	No

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49	I agree	Please specify the difference between the concepts of "optimisation" and "technical netting algorithm".	ABI - ASSOSIM - MONTE TITOLI - CC&G - BORSA ITALIANA - MTS	No
50	I agree		ABI - ASSOSIM - MONTE TITOLI - CC&G - BORSA ITALIANA - MTS	No
51	I agree		ABI - ASSOSIM - MONTE TITOLI - CC&G - BORSA ITALIANA - MTS	No
52	I do not agree entirely	In principle we agree. In order to ensure the level of efficiency currently provided, CSDs as well as their users have to be continuously informed, in real time, on the status of the transaction according to a "push mode".	ABI - ASSOSIM - MONTE TITOLI - CC&G - BORSA	No
53	I agree	Please explain the meaning of "non CSD user".	ABI - ASSOSIM - MONTE TITOLI - CC&G - BORSA ITALIANA - MTS	No
54	I agree		ABI - ASSOSIM - MONTE TITOLI - CC&G - BORSA ITALIANA - MTS	No
55	I agree	In principle we agree but we would also stress the fact that a consequence of user's direct access would be a duplication of cost and processes due to the split of the validation mechanism and the maintenance of two different databases to be continuously updated in real time	ABI - ASSOSIM - MONTE TITOLI - CC&G - BORSA ITALIANA - MTS	No
56	I agree	In principle we agree but in accordance with the 24/7 rule (please refer to comments on proposal 20)	ABI - ASSOSIM - MONTE TITOLI - CC&G - BORSA ITALIANA - MTS	No
57	I do not agree entirely	In order to ensure the level of efficiency currently provided, CSDs have to be continuously informed on the status of the transaction according to a "push model". This information should be capable of being integrated with query tools. Furthermore, examples like the one related to paying agents activity has to be previously investigated from a legal point of view and only in a second stage from a technical point of view.	ABI - ASSOSIM - MONTE TITOLI - CC&G - BORSA ITALIANA - MTS	No

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58	I agree		ABI - ASSOSIM - MONTE TITOLI - CC&G - BORSA ITALIANA - MTS	No
59	I agree		ABI - ASSOSIM - MONTE TITOLI - CC&G - BORSA ITALIANA - MTS	No
60		The information provided does not allow us to comment on figures. The system should be equipped with an overcapacity in order to manage volumes beyond the peaks Of course being the estimate based on the feasibility study only, a re-assessment would be necessary on a second step. The system must allow an easy and quick extension of its capacity should the initial estimate prove to be inadequate.	ABI - ASSOSIM - MONTE TITOLI - CC&G - BORSA ITALIANA - MTS	No
61		The information provided does not allow us to comment on the figure.	ABI - ASSOSIM - MONTE TITOLI - CC&G - BORSA ITALIANA - MTS	No
62		Please refer to comment on proposal 60.	ABI - ASSOSIM - MONTE TITOLI - CC&G - BORSA ITALIANA - MTS	No
63	I agree		ABI - ASSOSIM - MONTE TITOLI - CC&G - BORSA ITALIANA - MTS	No
64	I do not agree entirely	Does "settlement business support" mean "helpdesk" as provided in the Operational Feasibility Study? In any case, CSDs should retain first and second level helpdesk. More in general, clear roles and responsibilities between CSDs and T2S should be defined in order to avoid confusions and duplications of responsibilities.	ABI - ASSOSIM - MONTE TITOLI - CC&G - BORSA ITALIANA - MTS	No
65	I agree		ABI - ASSOSIM - MONTE TITOLI - CC&G - BORSA ITALIANA - MTS	No
66	I agree	In principle we agree if market-by-market means country-by-country.	ABI - ASSOSIM - MONTE TITOLI - CC&G - BORSA ITALIANA - MTS	No

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67	I agree	In principle we agree with the proposal but we believe that any decisions connected to the harmonization process should be driven by CSDs, CCps and trading venues and/or in accordance with associations.	ABI - ASSOSIM - MONTE TITOLI - CC&G - BORSA	No