

Feedback to consultation paper

Document Title	T2S Consultation Paper: Principles and High Level Proposals
Document Reference	070323_note_ConsultPrincipalsProposals_v0.98.doc
Issued for review	26.04.2007
Deadline for review	29.06.2007

Principles Nr.	Statement	Comment	Institution	Confidential
1	I agree	Please define 'market' more precise into categories	Dutch market	No
2	I completely disagree	T2S must not exclude the re-use of other existing platforms (such as Euroclear)	Dutch market	No
3	I completely disagree	In a political sense the Dutch market is in favour of a fully fledged European CSD, functionally we do agree to start the first phase only providing settlement services.	Dutch market	No
3	I agree		Euroclear Nederland	
4	I completely disagree	See the comment on principal 3	Dutch market	No
5	I completely disagree	See the comment on principal 3, and moreover: the T2S service level shall allow CSDs to offer their participants, at a minimum, a minimum standardized and harmonized level of functionality and coverage of assets.	Dutch market	No
6	I agree		Dutch market	No
7	I completely disagree	We expect the finality of transfers and transferorders will be harmonised in all the countries	Dutch market	No
8	I agree		Dutch market	No
9	I agree		Dutch market	No
10	I agree	Is there a difference between the non-euro ESCB currencies and non ESCB currencies?	Dutch market	No
11	I agree		Dutch market	No
11	I completely disagree	Considering its role as service provider to the CSDs, direct user access is dependent on business, technical and legal decision of the respective CSD.	Euroclear Nederland	
12	I completely disagree	From the vision of the Dutch market: mandatory participation for all CSD's should be made legally possible.	Dutch market	No
12	I agree		Euroclear Nederland	
13	I agree	As a consequence of proposal 12	Dutch market	No
14	I completely disagree	Also users should have equal access to the platform and users connecting to T2S shall have equal access conditions.	Dutch market	No
14	I agree	National legal obligations have to be considered when setting minimum standards for connectivity.	Euroclear Nederland	

Principles Nr.	Statement	Comment	Institution	Confidential
15	I completely disagree	Also users should have access to the platform under a harmonised contractual arrangement and users connecting to T2S shall have equal access conditions.	Dutch market	No
15	I agree	National legal obligations, technical necessities and business requirements of CSDs have to be considered when defining relevant arrangements. Also defferent levels of use of the T2S services should be reflected in arrangements..	Euroclear Nederland	
16	I agree	Calender should also be open for other than settlement activities. Under the condition is will be operated in a flexible and efficient way.	Dutch market	No
17	I completely disagree	Disagreement stems from explanatory text: Harmonisation will not be fully achieved when CSDs and local markets will maintain additional domestic rules. National specialities hae to be covered by T2S standard functionality until natinal laws have been harmonised by public sector. Suggestion to involve securities regulators early in the process to identify need for and deliver on harmonisation.	Dutch market	No
18	I completely disagree	At a minimum T2s cost per transaction should be at the level of the cheapest CSD and in addition it should be at competitive level when compared to the DTCC. This is a prerequisite for the success of the project.	Dutch market	No
19	I agree	Explanation and principle mix T2S responsibility and that of the CSDs.	Dutch market	No
20	I agree	It must be stronger emphasized: not "aiming at" but "achieving". Not only for CSDs, but for all users	Dutch market	No
Proposal Nr 1	I agree	Single and uniform structure must be mandatory: so "should allow for" seems too weak, it must be "imposed". There are also a lot of questions on how this can be achieved. Anyhow, harmonisation should take place before T2S.	Dutch market	No
2	I agree		Dutch market	No
3	I agree		Dutch market	No
4	I agree		Dutch market	No
5	I agree		Dutch market	No
6	I completely disagree	The Dutch market is in favour of a structure of "reference CSDs" instead of a model of CSD links. This means one (operational) account per user/participant, containing all possible ISINs and avoiding thus the duplication of having to comply with a complete set of European tax rules for every CSD (Direct Holding Model).	Dutch market	No
7	I completely disagree	The Dutch market does not want a structure with "end investor accounts". Limits to accepted accounts are necessary. Being the service provider T2S should likewise reflect all CSD accounts (issuer's/agent's accounts/"closed account structure"/NUS/ISS1/ISS2/LODG)	Dutch market	No
7	I agree		LCH Clearnet Group	

Principles Nr.	Statement	Comment	Institution	Confidential
8	I agree	The Dutch market does not want a structure with "end investor accounts". CCP account should also be identified as "specific" account.	Dutch market	No
9	I agree		Dutch market	No
10	I agree		Dutch market	No
11	I completely disagree	No restrictions, not only the data needed for settlement. We also would like to have one database for T2S and CSD.	Dutch market	No
11	I agree		LCH Clearnet Group	
12	I agree		Dutch market	No
13	I completely disagree	See the comment on proposal 11	Dutch market	No
13	I agree		LCH Clearnet Group	
14	I agree		Dutch market	No
15	I agree		Dutch market	No
16	I agree		Dutch market	No
17	I agree		Dutch market	No
18	I completely disagree	T2S should remain responsible. Deadlines should be harmonized (Giovaninni barriers).	Dutch market	No
18	I agree	Since T2s is only a settlementplatform, changes have to be made by the CSDs.	Citi bank	
18	I agree		LCH Clearnet Group	
19	I agree		Dutch market	No
20	I agree		Dutch market	No
20	I do not agree entirely	Depends on currencies to be included within scope. For Euro-ccy we agree that T2 and T2S should operate within the same operating hours. However for non-Euro (which should be delivered further by T2S), the operating hours need to be reviewed.	LCH Clearnet Group	
21	I agree	<	Dutch market	No
22	I completely disagree	There should be some time between "End of Settlement Window" and "EoD T2" to be able to settle payments internally.	Dutch market	No
22	I agree		LCH Clearnet Group	
23	I completely disagree	The use of nighttime settlement should be mandatory, as an ultimate consequence of standardisation and harmonisation. We believe that an optional participation in the nightcycle will create liquidity issues for participants of CSDs opting for a non-overnight use, unless T2s offers additional "optimization and netting processes" during the day time. Ideally, once a settlement instruction is ready to settle ahead of the start of the nightcycle, it should be immediately processed. Consequently, we believe inclusion in the nighttime process is mandatory.	Dutch market	No
24	I agree	A precise definition is needed of "core" and "non core" settlements.	Dutch market	No
25	I completely disagree	A difference based on transaction type is possible, but it can not be dependent on (rules of) non-participating CSDs.	Dutch market	No
25	I agree		LCH Clearnet Group	

Principles Nr.	Statement	Comment	Institution	Confidential
26	I agree		Dutch market	No
27	I agree		Dutch market	No
28	I agree		Dutch market	No
29	I agree	Based on ISO standards.	Dutch market	No
30	I completely disagree	Settlement instructions should be matched on T2S only.	Dutch market	No
30	I agree		LCH Clearnet Group	
31	I agree		Dutch market	No
32	I completely disagree	See the comment on proposal 30	Dutch market	No
32	I agree	We would recommend an approach whereby matching rules by participating CSD should be harmonised.	LCH Clearnet Group	
33	I completely disagree	A new assessment of the ECSDA rules is necessary. Moreover, the explanation is not acceptable: no different rules domestically if we aim at a full harmonisation.	Dutch market	No
33	I agree		LCH Clearnet Group	
34	I completely disagree	New text: "Instructions sent to T2S will be matched as quickly as possible." (remove "which are not yet matched")	Dutch market	No
34	I agree		LCH Clearnet Group	
35	I completely disagree	There are conflicting goals: it will hinder full harmonisation. After matching only STP settlement.	Dutch market	No
35	I agree		LCH Clearnet Group	
36	I agree		Dutch market	No
37	I agree	The scope of services should be extended.	Dutch market	No
38	I agree	The scope of services should be extended.	Dutch market	No
39	I agree	Common in the sense of "harmonised and standardised". Settlement related services other than repo or pledge mechanics may need to provide specific functionalities due to legal set-ups.	Dutch market	No
40	I agree		Dutch market	No
41	I agree		Dutch market	No
42	I agree	The scope of transaction types should be extended.	Dutch market	No
43	I agree		Dutch market	No
44	I completely disagree	Maybe more cycles are needed. We would recommend to trigger several technical nettings during the day-time.	Dutch market	No
44	I do not agree entirely	We would recommend to trigger several technical nettings during the day-time.	LCH Clearnet Group	
45	I agree		Dutch market	No
46	I completely disagree	"Fails" should be "not settled"	Dutch market	No
46	I agree		LCH Clearnet Group	
47	I agree	Further elaboration is needed.	Dutch market	No
48	I agree	There should be a limited period of recycling, to be defined and agreed upon.	Dutch market	No
49	I agree		Dutch market	No

Principles Nr.	Statement	Comment	Institution	Confidential
50	I completely disagree	As a direct consequence of proposal 6, there will be no (cross border) settlement between CSDs. All settlements (per ISIN) are within one CSD, domestic.	Dutch market	No
50	I agree	We agree on the proposal to provide the functionality to perform cross border settlement between participating CSDs, but we appreciate the view of the Dutch market..	Citi bank	
50	I agree		LCH Clearnet Group	
51	I agree	Bilateral agreements are the basis of the arrangements, with the condition that it is only the participating CSDs' governing law that is applicable to these transactions.	Dutch market	No
52	I completely disagree	There should be only one interface for all users. No separate interfaces for CSD activities and T2S activities.	Dutch market	No
52	I do not agree entirely	Most CSDs currently have a real-time push interface in place, T2S should also support this to maintain existing service levels. (We refer also to the answer on principle 11).	Euroclear Nederland	
52	I agree		LCH Clearnet Group	
53	I agree		Dutch market	No
54	I agree		Dutch market	No
55	I completely disagree	The access should not be denied to a participant by a CSD.	Dutch market	No
55	I do not agree entirely	We refer also to the answer on principle 11.	Euroclear Nederland	
55	I agree		LCH Clearnet Group	
56	I agree		Dutch market	No
57	I completely disagree	Depends on further explanation.The CCP will request to query and access balances and instructins statuses. This functionality can not be restricted to CSDs (e.g. the processing of market claims / transformations by the CCP on pending transactions).	Dutch market	No
58	I agree		Dutch market	No
59	I agree		Dutch market	No
60	I completely disagree	It should be possible to increase volumes. We can not agree to a fixed number of transactions at this stage. We propose an additional explanatory text: "In the development and building phase of T2S trends in settlement volumes should be monitored. The capacity of the system should be set at such a level that T2S is able to handle settlement volumes without degradation of service levels."	Dutch market	No
60	I agree		LCH Clearnet Group	
61	I completely disagree	Other definition of "peak day capacity", balancing costs and possible risk	Dutch market	No
61	I do not agree entirely	We request 300%.	LCH Clearnet Group	
62	I agree		Dutch market	No
63	I agree		Dutch market	No
64	I agree		Dutch market	No
65	I agree		Dutch market	No

Principles Nr.	Statement	Comment	Institution	Confidential
66	I agree	Combination of markets or SSS should be possible. ESES/SP markets to be treated as one.	Dutch market	No
66	I do not agree entirely	Or per "grouped markets" operated under the same settlement SSSs infrastructure (i.e. Euroclear group CSDs).	LCH Clearnet Group	
67	I completely disagree	Harmonization and standardization should lead to an optimized CSD environment. It should not be dictated by the largest market practice only, but there must be room for best practices from other (smaller) markets as well or even developments and/or new market practices. We also refer to the answer from the Dutch market on the first consultation paper ("T2S: Initial assumptions and questions") dated August 10, 2006.	Dutch market	No