

To be sent to ecb.secretariat@ecb.int

To the attention of:
Mr Jean Michel Godeffroy
Chairman of the T2S Advisory Group
Director General Payment Systems and Market Infrastructures
European Central Bank
Kaiserstrasse 29
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Response to the T2S Consultation paper: General Principles and High Level Proposals for the user requirements published on 26 April 2007

Dear Mr Godeffroy,

This letter is a response of the OP Bank Group, which consists of OKO Bank plc and Osuuspankkikeskus Osk, to the ECB's T2S Consultation paper; General Principles and High Level Proposals for the user requirements.

The OP Bank Group support the overall concept of the Target2 Securities Settlement Systems for all security types.

However, some further clarification is required on the principles and proposals of the T2S model. Some of the principles and proposals are not clarified well enough and there is distinct possibility that participants who are reading and answering this T2S Consultation paper do not understand this in the same way.

The T2S Consultation Paper states that the target is to minimize the overall market impact. Based on that principle the OP Bank Group would like to comment on the following issues;

- *Account structure*

At the Finnish market we have a beneficial owner account structure for the Finnish clients. This is based to the Finnish law. This beneficial owner account model should also be a core business model in T2S and should not be charged separately from those countries who needs this account model.

- *Pricing*

In order not to influence competition between the customers of the CSDs and the customers of T2S it must be ensured that the services are provided to each other on the same price conditions and with the same quality, i.e. without giving any advantage of high volumes.

- *Nordic Infrastructure*

The OP Bank Group is strongly involved in the NCSD's Nordic Single project which is targeting to have one common Nordic model for the Finnish and Swedish securities market (including settlement, clearing, corporate actions, account structure etc.). We are concerned about the consequences which this initiative might have on the T2S. It is not acceptable that after we have installed the new T2S system we would still have to use all possible old settlement and clearing systems at the Finnish market (At this moment we have separate systems for the Money Market and Cash Market clearing and settlement). The T2S has to lead to the situation where every market has, after this implementation, only one settlement system, T2S.
- *Direct access to T2S*

The OP Bank Group fully agrees that also market participants should be allowed to send their settlement instructions directly to the T2S. It is also very important that in T2S the payment instructions could be sent directly to the T2S.
- *Matching, preliminary information etc.*

The OP Bank Group would like to point out that after reading this T2S consultation paper it is unclear how the matching should be understood in this context. It is very important that the matching practices are harmonised in all markets which belongs to the T2S. Therefore definition of the matching should be clarified to the market participants as early as possible.

At the Finnish market the on-exchange trades are already matched at the Helsinki Stock Exchange's (HSE) trading system. Matched trades are transferred automatically into the Finnish CSD's settlement system. OTC trades are matched at the Finnish CSD's settlement system.

Preliminary information is needed for i.e. to follow up the settlement statuses and possible need for the securities loans.
- *Other issues*

From a Custodians perspective a master register for corporate action information should be in available at the T2S.

We remain at your disposal should you have any questions.

Yours sincerely,

Jorma Alanne
Executive Vice President