



EUROPEAN CENTRAL BANK

EUROSYSTEM



A single securities settlement engine in Europe

T2S is a project implemented by the Eurosystem (the European Central Bank and the national central banks of the euro area) with the aim of creating a single platform for securities settlement in Europe. T2S will provide central securities depositories (CSDs) with a centralised service for delivery-versus-payment (DvP) settlement of securities transactions in central bank money. T2S will process both debt securities and equities, covering nearly 100% of current euro volumes.

T2S will settle, at low cost, both domestic and cross-border transactions. A single set of rules, standards and fees will be applied to all transactions across all T2S markets. T2S will thus help to overcome the complexity and fragmentation of the current European market infrastructure, where each country has its own settlement infrastructure, rules and procedures.

The project is currently in the testing phase. T2S will enter into operation in June 2015.

T2S is a multicurrency system. It will settle securities against euro as well as against other non-euro currencies provided there is an agreement in place with the respective central banks.

T2S will integrate onto a single IT platform both the market participants' securities accounts, held with either one or multiple CSDs, and their dedicated central bank cash accounts, held with the respective national central bank. It will thus trigger significant liquidity and collateral savings.

To find out more about how T2S will work in practice, watch the "T2S Animation" on our YouTube channel, a link to which can be found at www.t2s.eu.



Making Europe a better place to invest

T2S constitutes the infrastructure necessary to set up a single European market for securities services. By making post-trading in Europe more secure and more efficient, T2S will contribute to making Europe a better place to invest.

T2S will streamline the settlement process in Europe:

- by enabling banks to streamline and potentially consolidate their back offices;
- by fostering the harmonisation of services, rules and market practices in many crucial areas.

T2S will enhance freedom of choice in the securities settlement industry in Europe:

- by increasing transparency, openness and competition between European CSDs;
- by separating the “infrastructure” from the “service”, giving customers in T2S more freedom of choice as regards where they want to trade and settle.

T2S will reduce the cost of settling securities transactions in Europe:

- by substantially reducing fees for settling across national borders;
- by stimulating competition among CSDs;
- by creating a multicurrency system capable of settling euro as well as non-euro currencies.

T2S will reduce risk in the post-trade environment in Europe:

- by delivering real-time gross settlement in central bank money in domestic markets as well as across borders;
- by integrating securities and cash accounts onto a single platform;
- by providing in effect a single collateral pool and incorporating several features that aim to help banks optimise their liquidity and collateral management.

To find out more about how T2S will create a truly single collateral pool, watch the video “T2S - a single gateway for your collateral management” on our YouTube channel, a link to which can be found at www.t2s.eu.





The T2S Community

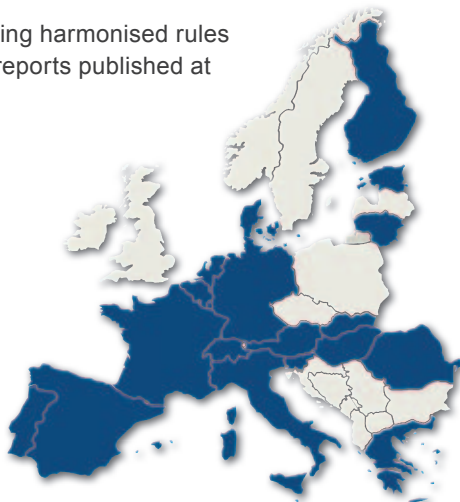
The T2S Community comprises all the stakeholders in the project, i.e. the CSDs that have signed up for T2S, the central banks of the Eurosystem, the Danish central bank, which has decided to allow settlement of the Danish krone in T2S as of 2018, commercial banks, other market participants and the network service providers. The T2S Community remains open to other markets and currencies that may decide to join in the future.

Post-trade harmonisation

Post-trade harmonisation is a key objective of the T2S Community and an important component of the European financial integration process. It complements the European Union's legal and regulatory initiatives in the field of financial market infrastructure, most notably the CSD Regulation.

T2S markets are converging to create a single rulebook for post-trade processes that is applicable to all T2S markets, covering for example the operational schedule, the processing of corporate actions and rules for settlement finality. The ultimate objective is to ensure safe and efficient cross-CSD settlement in T2S as well as a level playing field for CSDs in the new integrated environment.

Progress of T2S markets in implementing harmonised rules and standards is monitored in regular reports published at www.harmonisation.t2s.eu.





Making European securities easier to access from abroad

T2S will considerably simplify access to the European financial market for global players and non-European market participants. Consequently, foreign investors should have easier and better access to European securities.

How does it work? What does a non-European bank have to do to benefit from T2S? Actually, not much: in most cases, they will benefit from the new European set-up automatically.

The majority of global players will be automatically linked to T2S via their current links to Europe. Their existing set-ups will allow them to benefit from the opportunities and cost reductions generated by T2S with no additional investment.

Non-European banks and global players have typically accessed European markets through one or more global/regional custodians, which in turn rely on an extensive web of local custodians. The process is complex and costly. With T2S, each global/regional custodian will be able to offer a single gateway to the whole European securities market, at lower cost and with simplified procedures, thanks to a more competitive landscape. The web of links and the chain of intermediaries will be simplified and streamlined leading to savings and efficiency gains for non-European intermediaries and investors as well.

If you are a non-European or global player active on the European securities market, you will benefit from T2S, too!

More info at www.t2s.eu.



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Website: <http://www.ecb.europa.eu>

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