



Settling without borders

Special interest session - SIBOS 2009

T2S update

- **Technical:** Finalising User Requirements Document (URD); General Functional Specification (GFS); General Technical Design (GTD), including user connectivity, and Master Plan; T2S adaptation plan to be delivered by CSDs; continuing work on change management, operational framework and service levels; and starting User Detailed Functional Specification (UDFS).
- **Legal:** T2S Guideline; L2/L3 Agreement; Currency Participation Agreement; and Framework Agreement with CSDs.
- **Financial:** Establishment of the total T2S development and running costs; volume projections; and definition of the T2S tariff structure.
- **External governance:** Definition of the future role of the AG and its sub-structures.



New communication tool: T2S OnLine

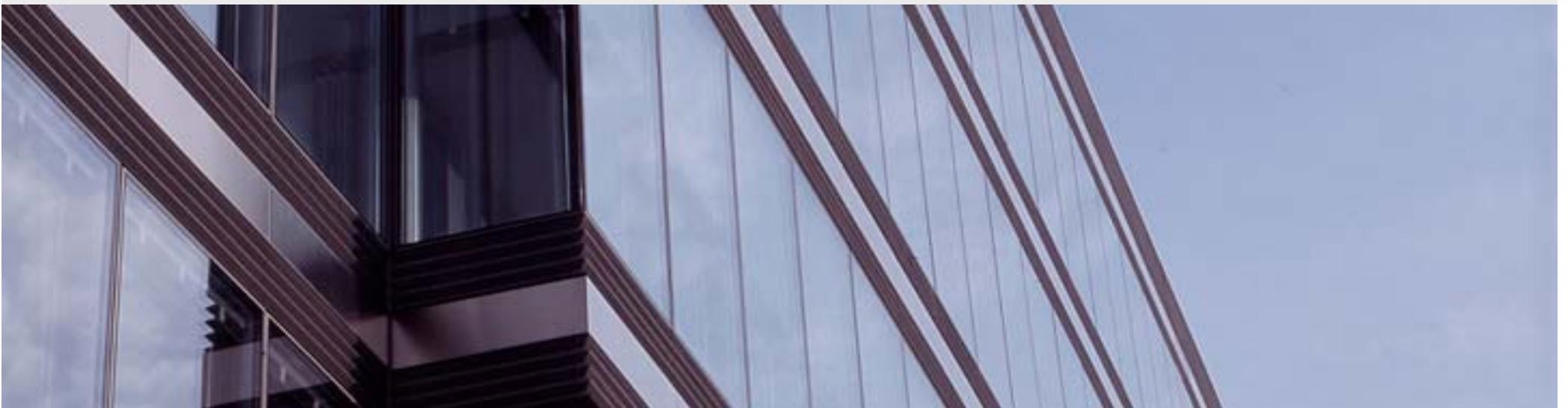


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Sibos: Special Interest session on T2S

September 2009



clearstream

&



Clearstream's approach to the T2S adaptation process

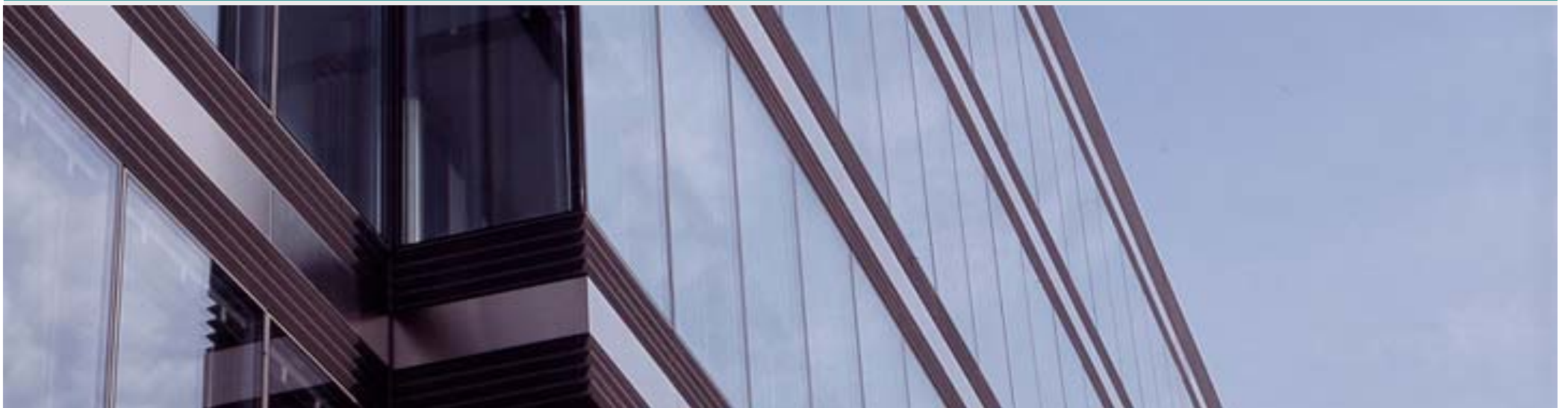
Since the beginning of the T2S project in 2006, Clearstream has been an active T2S stakeholder because it supports our strategy of promoting a level playing field for the provision of securities services which add value to the market.

Clearstream will support its community for the adaptation process:

- via the Clearstream internal T2S project setup
- by project planning for CBF's* core infrastructure adaptation to T2S – backwards approach
- with T2S information and status updates for customers
 - Committee meetings; i.e. Advisory Board Meetings, Customer Consultation Committees
 - regular customer roadshows
- by Clearstream's support to T2S project
- via public documentation

* CBF as an example for Clearstream. Within Clearstream different project streams exist.

Thank you





Euroclear & T2S

SIBOS

15 September 2009



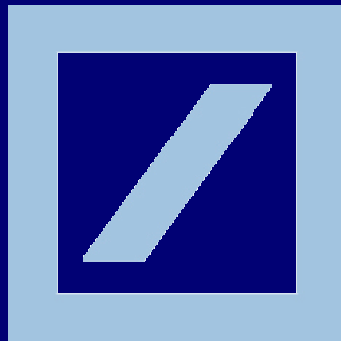
Euroclear's view of T2S ...

- We are committed to an integrated European Capital Market through the launch of our single multi-market custody and collateral management platform in 2010 ...
- ... and we have re-phased our single platform development in a way which enables our clients to take full advantage of T2S
- We want our clients to leverage the advantages that T2S offers by providing
 - a single access to commercial bank and central bank money settlement for T2S securities with access to the full range of asset services and asset optimisation;
 - direct and indirect connectivity to T2S
- We are publishing this month a detailed "T2S Adaptation Plan"
 - To discuss with our clients and stakeholders and which will be the basis of our assessment of the level of decommissioning that can be achieved with T2S
- But, of course, a sound contractual framework between CSDs and the Eurosystem as a provider of T2S is still needed
 - Work on this issue has now begun

delivering
excellence

ECB conference on TARGET2 Securities: Overview, recent developments and future challenges

Hong Kong, September 15, 2009



Stephen Lomas

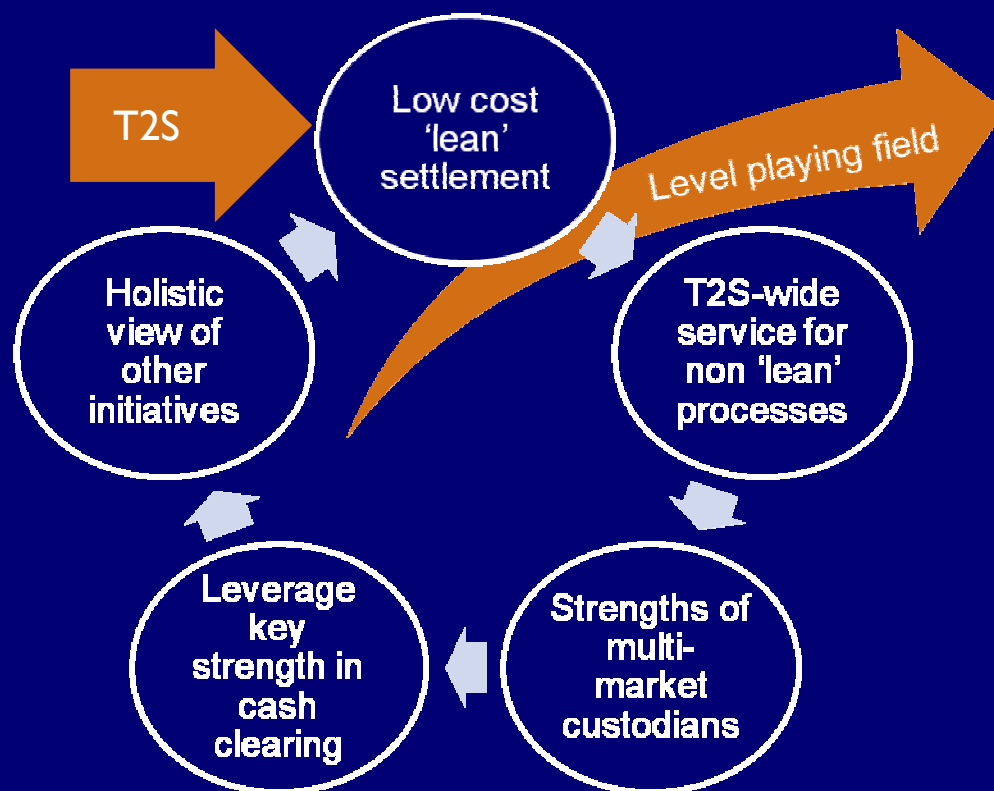
A Passion to Perform.

Deutsche Bank



Single European Market on the way: T2S as catalyst for change in Europe's asset servicing industry

What is our general view?



How are we preparing?

Externally: building T2S for the market

- Represented in 6 out of 8 ECB working groups
- Submitted key position papers

Internally: delivering benefits to clients

- Project team to assess need for change and execute strategy

Input needed

- CSD road-map on how to migrate to T2S
- Client input: two-way process between providers and customers

J.P. Morgan supporting the Target 2 Securities initiative

What is J.P. Morgan's involvement with the T2S initiative

- J.P. Morgan has been engaged in the project since its inception, with our participation in the Advisory Group and various Working Groups, in addition to the UK National User Group
- We have responded to all market consultation papers including the User Requirement Document and Economic Impact Analysis
- JPMorgan regularly attends information sessions hosted by the ECB
- We have been influential in ensuring the benefits of harmonisation can be realised by removing road blocks

What is J.P. Morgan doing to be prepared for T2S?

- Given our close involvement with the program we are able to understand the opportunities that T2S has the potential to deliver, as well as assess what issues may remain as T2S goes live
- We have been working closely with our sub-custody providers, as well as the ICSDs, to understand their assessment of the changes that T2S will deliver and how they are shaping their strategies to service clients in 2013
- Our strategy consideration has taken into account the 3 core operating models
 - Continue to purchase the services of sub-custodian banks, although seek to converge to a limited number of providers
 - Use the direct technical access functionality to self-settle and purchase asset servicing support from the sub-custodians
 - In-source all activity so that J.P. Morgan self settles and performs its own asset servicing
 - Consider a combination of these options
- We have compiled financial modelling that enables us to assess the financial impact of these operating models
- Included in our strategy is an assessment as to how the market infrastructure will change, such as horizontal consolidation
- We will refine our strategy as more of the key decisions are made in the coming months

What is J.P. Morgan's assessment of the T2S program

- J.P. Morgan has supported T2S given the opportunities to expedite harmonisation of cross border settlements, and equally important for T2S to act as a catalyst for further European harmonisation
- Whilst there are questions surrounding the ability of CSDs to decommission settlement platforms, and therefore reduce substantially their operating costs, there are clear benefits from centralised liquidity and operational efficiencies from standardised settlement procedures
- We have welcomed the project's high degree of transparency, and where possible, this should be maintained to ensure the market fully understands issues such as the governance of the system and has confidence in what the program will deliver
- Whilst good progress has been made to date, it is important that the national authorities do become more engaged to ensure that the markets can fully leverage T2S to deliver the full benefits to our clients from the harmonisation opportunities

TARGET 2 SECURITIES: STRATEGY PAPER

INTERNAL



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