



EUROPEAN CENTRAL BANK

EUROSYSTEM



# T2S OnLine

QUARTERLY REVIEW  
No 7, Winter 2011

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INTRODUCING THE  
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T2S IS OnLine FOR YOU



Jean-Michel Godeffroy

## EDITORIAL

### FROM BUSINESS CASE TO BUSINESS STRATEGY

When we first discussed T2S with market participants back in 2006, we mentioned that the system would possibly settle bonds only. The response from the market was: “If you want to add another platform to the 30 or so that already exist, we are not interested; but if you want to replace all European settlement platforms with a single one, then we are very interested.” This answer is very important: **the business case for T2S is not just that it can offer cross-border settlement for the price of domestic settlement; it is also based on the economies of scale that T2S can generate.**

In 2010 the Programme Board clarified the future pricing policy for T2S on the basis of an estimate of the future costs and settlement volumes. The key element of this pricing policy is the commitment, validated by the Governing Council of the ECB, not to charge more than 15 cent per instruction. Such a fee is very low by European standards, precisely because it builds on the considerable economies of scale that T2S can achieve. Like many colleagues, I thought that only a few cent would need to be added by CSDs to cover connectivity, customer services and IT adjustment costs. It therefore seemed clear to us that, with T2S, the prices charged by CSDs would be lower than the lowest domestic fee currently paid by market participants to CSDs.

However, it has recently come to my attention that, in some countries, CSDs envisage charging the T2S fees “on top” of the current CSD fees, because IT experts claim that very little of the existing IT infrastructure of CSDs can be decommissioned. If IT experts win the day, the European IT infrastructure will not consolidate, even with T2S.

I have a lot of sympathy (in the etymological sense of “suffering together”) for CSDs, which are faced with the challenges posed by T2S. I understand that many CSDs will be overburdened for several years with legacy infrastructure that will become redundant by 2014/2015 when they join T2S. I also understand the reaction of smaller market participants with limited cross-border activities, who do not wish to pay higher CSD fees because of T2S, as well as that of the larger banks that will be directly connected to T2S, which refuse to pay for an IT infrastructure they will no longer use.

One should not ignore what the *invisible hand* will do! Markets that cling to the old ways of doing things and to the illusion that change is optional will find that their franchise disappears. In our sophisticated markets for financial assets, which have common regulatory and client pressures, the transition may be quite rapid.

The recent announcement of the merger between Deutsche Börse and NYSE-Euronext proves that market infrastructures will lose their national character. The future CSD regulation, the work that the T2S Advisory Group does to harmonise cross-CSD settlement, and T2S itself will all increase competition between CSDs. Some CSDs will quickly re-shape their IT infrastructure, possibly covering the redundant part of it by a “one-off” accounting loss, offering low prices to existing as well as new customers as early as 2014. New CSDs may also open, with non-negligible entry costs, but no legacy IT infrastructure at all. Other CSDs may wish to migrate as late as possible, maintain their legacy infrastructure and increase their prices. *Guess what the invisible hand will do!*

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My conclusion is very simple: from an economic and a business point of view, it will not be possible to charge the T2S fee on top of the present CSD fee. This does not mean that I intend to impose any business strategy on my CSD friends and colleagues. I would even understand it if some of them wanted to keep their existing IT infrastructure for a few years after the start of T2S. However, I am firmly convinced that increasing prices is not an option.

Later in this issue, Marc Bayle provides some interesting thoughts on concrete ways in which CSDs can re-shape their systems. As usual, Helmut Wacket provides an update on the project. You will also find two exclusive interviews: one with Jesus Benito (CEO of Iberclear) in his capacity as chairman of the task force on smooth cross-CSD settlement in T2S and one with Paolo Cittadini (CEO of Monte Titoli) on Monte Titoli's strategy for adjusting to T2S. This edition of T2S OnLine closes by introducing the National User Groups and the important role they play in the T2S project.

I hope you enjoy this issue.

Jean-Michel Godeffroy  
Chairman of the T2S Programme Board



## T2S PROJECT UPDATE

### Framework Agreement

The Governing Council of the ECB has taken note of the current version of the Framework Agreement, which is scheduled to be signed by the Eurosystem and participating CSDs in autumn 2011. To meet this deadline, negotiations on pending issues are to be concluded by mid-April. After a last consultation with the European Securities Markets Authority (ESMA) and an internal review, the Governing Council will issue the final version of the Framework Agreement to the CSDs in June.

### First migration wave

On 19 January 2011 Monte Titoli (the Italian CSD), part of the London Stock Exchange Group, and Depozitarul Central S.A. (the Romanian CSD), part of the Bucharest Stock Exchange Group, announced that they will join T2S in its first migration wave, i.e. in September 2014. In May 2010 BOGS, the CSD for Greek government securities, had already committed itself to participate in the first T2S migration wave. A full functional coverage will therefore be ensured from the very start of T2S operations, with the participation of CSDs from within and outside the euro area, as well as an NCB CSD. Another two migration waves are foreseen, plus a contingency wave, to be activated only in case one or more CSDs cannot migrate on schedule. The composition of these waves is still under discussion with the CSDs.

### User connectivity

The Eurosystem is about to finalise the legal and technical documentation for the selection of the network services providers for T2S. It is envisaged that the tender process will start in March 2011. The details will be discussed by the Advisory Group at its next meeting.

### User Detailed Functional Specifications

The 4CB are currently preparing the User Detailed Functional Specifications (UDFS), a critical technical document that is essential for CSDs, NCBs and other parties directly connected to T2S to design the interface between their information systems and T2S. To ensure market acceptance of this document, four workshops have been held so far involving CSDs, NCBs and some banks. Positive feedback was received from the market, and this transparent approach will be pursued in the future. The launch of an official market consultation on Version 1.0 of the UDFS is planned for 25 March 2011.

### Harmonisation

Over the past few months the market participants urged the T2S Programme Board to take on a more active role in promoting harmonisation of securities settlement in relation to T2S. In particular, in December 2010 the Advisory Group identified a list of issues that should be addressed before the launch of T2S in order to ensure settlement efficiency. Moreover, the National User Groups will become a driving force in monitoring the implementation of the agreed standards in each national market. Finally, the work being done by the task force on smooth cross-CSD settlement is also progressing, with a view to elaborating concrete solutions for issues that might hamper the safe and efficient interoperability between CSDs in the T2S context (more information on this can be found in the interview with the Chairman of the task force).



Helmut Wacket, Head of the External Stakeholders Management Section in the T2S Programme Office



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Jesús Benito (CEO of Iberclear),  
Chairman of the task force on  
smooth cross-CSD settlement  
in T2S

### INTERVIEW WITH JESÚS BENITO (CEO OF IBERCLEAR), CHAIRMAN OF THE TASK FORCE ON SMOOTH CROSS-CSD SETTLEMENT IN T2S

***Mr Jesús Benito, in September 2010 the T2S Advisory Group decided to set up a task force on smooth cross-CSD settlement in T2S to identify issues which may hamper this and to propose concrete solutions. What are the results of your discussions up until now? How do these relate to the wider framework of the T2S-related harmonisation activities?***

The members of the task force and the T2S team are working intensively on this task force. Even prior to the formal approval from the Advisory Group to create this task force, we had attended an ad hoc workshop in which we clarified the objectives and methodology for achieving the results that we wished to attain through our work. In addition, we envisaged a four-step approach for follow-up action and a timetable for each step.

Then, in September I proposed that the Advisory Group formally approve the methodology, the four-step approach and the proposed timetable. The Advisory Group approved it, but requested that we be ambitious with regard to the timetable.

Since September, we have established a “cross-CSD settlement benchmark” in order to identify any sort of deviation from it that may hamper smooth cross-CSD settlement (step 1). Afterwards, the task force proposed drawing up a comprehensive questionnaire consisting of 68 different questions, which was submitted to the national user groups (NUGs) in order to gain input from the issuer-CSD perspective (step 2). We have recently circulated a compilation of the answers received from practically all the markets in order to check the other markets’ answers from an investor-CSD perspective. Once this cross-check has been performed, we will categorise the different issues (as being within or outside the scope of this work) and we will set priorities based on their relevance (step 3).

We aim to present, at the next meeting of the Advisory Group in March, a rather advanced inventory of issues that are deemed to be within the scope of our work and the order of importance and difficulty assigned to them by the task force in terms of resolving them. We will also present the issues that are considered by the task force as being “out of its scope”.

Thereafter, we will again send the results to the NUGs in order to receive their input. As you can see, the procedure is totally transparent. **Eventually, we will have an inventory of issues that hamper cross-CSD settlement. Personally, I value this inventory highly. Investor-CSDs and their participants will at least have a very helpful manual at their disposal in which all of the issues they need to be aware of when investing abroad are classified.** The task force considers this inventory as a “living animal” owing to the fact that it will be continually updated.

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The last step (step 4) is the most difficult from my viewpoint. [The task force will face the challenge of investigating practical solutions for each of the identified issues without changing the current user requirements document.](#) Should the issue be considered a legal or perhaps a fiscal issue, rather than a technical one, the task force will have to assign it to a specific harmonisation group within Europe.

***A plan for a reform of the clearing, settlement and registration model in the Spanish post-trade infrastructure has recently been announced and will support the plans of the Spanish stock exchange to launch a central clearing counterparty service. As a representative from Iberclear, how do you expect this reform to facilitate the participation of the Spanish financial community in T2S?***

For many years, the Spanish equity system has been the focus of non-resident investment banks. Although the system has demonstrated, throughout its almost 20 years of existence, excellent levels of reliability and security, the fact that it is different from other European systems has generated a lot of attention from those in favour of greater harmonisation in Europe.

The Spanish supervisory authorities, in close cooperation with Iberclear and their participants, have been working exhaustively for a year on a complete reform of the system. Today, a proposal presented for public comments is available on the website of the Comisión Nacional del Mercado de Valores (CNMV). We are very confident that the reform will allow our participants to join T2S in similar competitive conditions as other participants in CSDs in Europe. [A level playing field is absolutely key in a future competitive environment for CSDs following the implementation of T2S.](#)

It is my hope that the international community, including those who were lobbying Iberclear so intensively and pointing their fingers at us, recognises the enormous efforts that the Spanish CSD, regulators and participants will make in the coming years towards harmonisation and T2S. I would just ask them to turn their attention now to their own markets, where many harmonisation issues still need to be tackled. It is the right time to take action and that means everybody!



Paolo Cittadini, CEO of Monte Titoli, member of the London Stock Exchange Group

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### INTERVIEW WITH PAOLO CITTADINI, CEO OF MONTE TITOLI, MEMBER OF THE LONDON STOCK EXCHANGE GROUP

**Mr Paolo Cittadini, on 19 January 2011 the London Stock Exchange Group announced that its central securities depository (CSD), Monte Titoli, has decided to participate in the first migration wave of T2S.**

**What made you decide to join T2S in the first migration wave?**

Why are we migrating first, given that we have always been considered the cheapest CSD for settlement services in Europe?

We have many good reasons for doing so. First of all, T2S will usher in a very different scenario in the European post-trading arena and we want to be there from day one. We have always been leaders in “central bank money settlement” and T2S, the new system built and offered by the Eurosystem, will represent the most advanced and secure way to perform this activity. We have always been leaders in innovation and we intend to continue to be. *We have proven to be a cost-effective, high-performing entity and we want to transfer our existing experience and skills into the new T2S environment.*

Whatever the platform, we are convinced that we can deliver efficiency, quality and performance within the world of T2S.

Take a look at our organisation: compare us with our peers and you will note our high productivity levels; then look at the performance of our settlement system and you will realise how competent we are. *We do not fear change, we intend to drive it. So far, our efficiency has only been tested for Italian securities, but with T2S we will be able to offer the same level of efficiency to all international players and for all European securities.*

Moreover, we are part of the LSE Group, an international group that can offer services across the securities value chain, from trading through to settlement. We are therefore very well equipped to make a comprehensive and overarching proposal to operators leveraging on the open structure of our Group. All clients of LSE Group will be able to appreciate this straight-through processing structure, which will allow them to save a lot of money on post-trade investment.

Another important point is the willingness of our participants to take on the challenge. When we shared our intentions to be in the first wave with them, our proposal met with great enthusiasm and received their full support.

**What will be the greatest benefits of T2S for Monte Titoli/London Stock Exchange Group and for your customers?**

I would begin by saying that what benefits us, is also of benefit to the participants to whom we provide our service. The better we work on T2S, the less our clients will have to change to access the new system.

As previously mentioned, we have always been a benchmark for settlement services, but to date that has only been for domestic settlement. Developing a cross-border settlement

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service has always been an important focus for us, requiring investment in terms of building links and allocating staff to manage a first-class service.

As part of the post-trading structure of the LSE Group, we intend to become one of the major players in the world. T2S will help us reach this goal as it will allow us to reach some 30 CSDs and countries, widely extending our settlement network, but still using the same standard efficient processes and rules.

This leads me to the second major benefit for us and our participants: T2S is considered a catalyst for harmonisation, but this is not limited to the area of settlements.

It is quite obvious that also applying the same practices and procedures to asset servicing will allow us to strengthen our ability to provide value added services for foreign securities.

Some CSDs have invested a lot of time and money in pursuing the standardisation of practices and centralisation of settlement. T2S gives us the instrument to cover the gap.

***What are the strategic objectives of Monte Titoli? What part does T2S play in this respect?***

Perhaps our mission could be summarised as “continuing to provide the best services and solutions for our clients’ needs”. As I mentioned earlier, because T2S will extend our settlement network, it will play a fundamental role in allowing us to make major progress.

However, I imagine that behind this question there is a key issue for all CSDs: how will the business model of CSDs change in T2S? The general thinking is that CSDs should evolve their global custody business. Of course, this is an option, but we also have the added advantage of being part of the LSE Group: we can offer a comprehensive service from trading right through to settlement.

Basically, our future business model will lean on these two development guidelines: being global and comprehensive.

***Recently, the Governing Council of the ECB decided on a T2S pricing proposal of 15 cent per instruction for a delivery versus payment transaction. How do you assess this proposal, and has clarity on this helped you to progress in your strategic planning?***

For the time being it is not possible to evaluate the real impact of this proposal: the T2S fee is just one component that will contribute to our overall pricing definition. The impact of communication costs between T2S and CSDs has yet to be seen, and the same goes for the investment costs that we will have to recover, the cost of the information service that T2S will provide and the operational costs of our staff. So the 15 cent is just one factor in the total cost.

Nevertheless, we have promised our participants that we will continue to be the price leader in Europe. Sometimes in supermarkets you can find offers that promise to give you a refund on your purchase if you find the same item elsewhere at a lower cost.

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We are working to ensure that our clients are not able to find a more competitive offering. This will be feasible also owing to the fact that we are going to offer our systems to a wider range of international clients for a wider range of securities: we are really entering a new competitive Europe!

***How do you plan to organise the preparatory activities for testing and migration with your customers?***

This is an important question, because we cannot migrate to T2S on our own. We are convinced that adoption of T2S is a challenge for each country's financial system as a whole.

That is why we deemed it indispensable to organise and coordinate works through the Italian National User Group, where the Banca d'Italia (the national central bank), Monte Titoli (the CSD), Cassa di Compensazione e Garanzia (the central counterparty), the trading platform (Borsa Italiana) and all the other operators can work together to achieve an efficient, timely and successful integration in T2S.

Within the NUG we have also created two specific sub-groups that will be soon operative: one for planning and the other for migration, both of which are crucial.

Lastly, in agreement with our clients we are preparing a road map for the migration of the Italian system to T2S, which will include all the required activities (implementation and adaptation) that must be carried out between 2011 and 2014, when T2S will go live. There are plenty of things that need to be done, which are mainly referred to as harmonisation (not forgetting CCBM2), so it is therefore necessary to provide our clients with some clarity.

To conclude, I believe that T2S represents a fantastic opportunity for us to grow and enhance the value we offer to our clients, and we stand ready to reap the benefits.

## BAYLE'S VIEW

### RESHAPING TO T2S – THE CURRENT CHALLENGE

In the future T2S world, securities settlement will take place in T2S for all participating CSDs. Those who plan to join T2S are currently in the process of analysing how to reshape their infrastructures in order to integrate T2S. The efficient integration of their settlement services with T2S, including the existing and potential new services they will offer to their markets, is essential for minimising their costs related to settlement activities.

The adaptation of CSDs' systems and processes to integrate T2S will require an initial investment. **How T2S will benefit the market, the CSDs and their customers will depend on the strategy the CSDs and markets choose.** The question is how will they decommission the settlement processes on the legacy systems and how will they integrate their services offer into the T2S world? Naturally, if legacy systems, settlement data and processes at the CSD are fully maintained in parallel with T2S, little cost reduction can be expected from T2S and savings will be difficult to reap, in particular for settlements at national level.

My colleagues in the CSDs face an important challenge at the moment in evaluating the possible technical solutions for reshaping to T2S. Before giving my view on this issue, I would like to clarify an important point. Today, securities settlement takes place in the CSDs' local IT infrastructure together with other processes linked to additional related services. In the future, settlement will take place in T2S, which should be considered by the CSDs as their remote IT infrastructure for securities settlement.

#### **Finding the best approach to reshape: the challenge for CSDs**

In this design and decision-making process, CSDs could consider many different architectural solutions for integrating T2S with their CSD systems that provide other services (e.g. custody) on their own platforms. The main difference between the possible architectural solutions concerns how the information available in T2S – real-time messages, report subscriptions and on-demand queries – is used. The different architectural approaches and the use of the T2S information services will significantly influence the adaptation costs as well as the reduction of future running and development costs. **At this stage of the project, the CSDs can choose between two models – “data replication” and “data on demand” – or they can opt for any combination of the two.**

#### **Data replication**

CSDs could implement a data replication solution, whereby the CSD replicates all or part of the settlement-related data based on real-time messages received from the T2S information services. This first option would allow the CSDs to have up-to-date real-time information at all times within their local IT infrastructure (with a small delay compared with T2S). However, this option entails a high frequency of interaction between the CSDs' local IT infrastructure and their remote IT infrastructure (namely T2S). In addition, a copy of large amounts of T2S data has to be maintained in the CSDs' systems and this copy has to be built up using each and every small update throughout the day.

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Therefore, there is also a need to implement quality control and reconciliation mechanisms in order to ensure the integrity of information between the CSDs' local data repositories and the CSDs' remote data repositories in T2S.

It is apparent that this option implies high running costs for the CSDs. This would also include certain communication costs linked to the subscription of messages, regardless of the actual usage of data. Therefore, any data replication should be justified by an express need to organise complementary processing outside the T2S platform.

Data replication might not be justified, for example, if a CSD offers customer services for settlement issues only, as all CSDs will have full access to settlement data in their remote IT infrastructure (namely T2S). In other words, data replication which requires CSDs to store T2S data redundantly would entail costs without revenues. However, if more complex custody services (e.g. related to corporate actions) are to be offered by CSDs, data replication might be necessary to a certain extent and, therefore, justified.

### **Data on demand**

Alternatively, CSDs could implement a data on demand solution, whereby the CSD uses its remote IT infrastructure (namely T2S) to receive settlement-related data directly from the T2S platform. Through queries or reports, CSDs will directly access the data which is required by other systems (e.g. the registry) for non-settlement purposes or additional services. This architecture would require that only a minimum amount of data is stored in the CSD's local IT infrastructure, as the data is retrieved on demand from T2S only when necessary for business purposes.

Avoiding the storage of redundant data by adopting a data on demand solution, the CSDs will not need to implement new quality controls and reconciliation mechanisms to ensure the integrity of information, as the data is retrieved directly from the source. Therefore, the running costs of such an approach will be rather low. Communication costs will depend on actual usage and will be commensurate with business needs, i.e. on the frequency of the need for queries/reports from T2S.

### **Moving to the next generation of IT infrastructure**

The two solutions described so far have different advantages and disadvantages that have to be taken into account by the CSDs when reshaping their infrastructures to integrate with T2S. The rational choice between local versus remote IT infrastructure should be driven by technical and not political considerations. To give some examples, certain business requirements in a CSD may require real-time information for certain types of data, such as a pending settlement owing to a lack of securities to trigger a securities lending/borrowing service. Conversely, other major processes that run at defined times at a CSD, such as corporate event processing, might only require the end-of-day positions from the T2S information services. Finally, some data processed or stored on the CSD's remote IT infrastructure, e.g. "messages that are not yet accepted by T2S", do not require any processing or storage at the CSD's local IT infrastructure, provided that such data is directly accessible through a query or a report when necessary.

## BAYLE'S VIEW

Requirements for T2S information services may differ from market to market and CSDs may find the optimal solution to be a combination of the two described options. Again, I believe that technical and not political considerations should lead to the right choice.

### **Further reshaping owing to harmonisation**

Indeed, savings will be maximised and future running/development costs minimised if a CSD does not maintain any residual settlement processes or data in its systems. This approach may imply higher initial adaptation costs but, in the medium to longer term, significantly lower running costs. Some CSDs may need to maintain certain aspects of the currently existing settlement processes at their local IT infrastructure owing to existing national specificities. However, harmonisation and removal of national specificities will further allow CSDs to reshape their infrastructure and reduce their costs, bringing about savings in their markets. Similarly, T2S together with the introduction of ISO-20022 – frontrunner of the new generation of standards for financial services will allow CSDs (and the market) to increase the benefits of harmonisation and standardisation across financial services, thus preparing the infrastructure of tomorrow (see T2S OnLine No 6, Bayle's view).

### **Reshaping – a challenge or an opportunity?**

It is essential for CSDs and their markets to get involved in the decisions on how to build a consistent overall functional and technical architecture. This architecture should integrate local and remote processes seamlessly and efficiently. The European single settlement engine will enable more efficient processing, without unnecessary duplication of processes and data. Reshaping to T2S will require initial investments and restructuring efforts, but it will significantly lower future running costs. **Finding the right solution will maximise the benefits for all, will lower the costs for securities settlement in Europe, and will pave the way for new business opportunities in the global financial market.** Last but not least, such a longer term oriented adaptation strategy will also augment CSDs' competitiveness in the future post-trading environment.



Marc Bayle, T2S Programme Manager and Head of the T2S Programme Office

## INTRODUCING THE NATIONAL USER GROUPS

The National User Groups (NUGs) were set up as part of the governance structure by the Governing Council of the ECB in 2008. The objective of the NUGs is to support the development and implementation of T2S. They form the link between the T2S Advisory Group and the various national markets. Each NUG brings together providers and users of securities settlement services within its respective financial community and assesses the impact of T2S on the local market.

NUGs play a crucial role in harmonisation activities as the T2S vision is constrained by national differences (for further information see Bayle's view – T2S and harmonisation, T2S OnLine No 6). The NUGs are chaired by members of the Advisory Group, ensuring that the national and European discussions are closely linked. At the European level, all the secretaries of the NUGs form the T2S Experts Network. They meet on a regular basis to discuss issues that emerge during the meetings of the NUGs and to obtain the latest updates on the project status from the ECB.

In this issue of T2S OnLine, we are happy to introduce the NUGs as they play a very important role in the T2S project. Below you will find a list of all of the NUGs along with a short quote by their respective chairperson. More information on the NUGs is available on the ECB's website at

<http://www.ecb.europa.eu/paym/t2s/governance/nugs/html/index.en.html>



### **Austria**

*Walter Hoffenberg, Oesterreichische Nationalbank*

"T2S has great potential to increase efficiency and harmonisation in the European securities settlement infrastructure."



### **Belgium**

*Yvan Timmermans, Nationale Bank van België/Banque Nationale de Belgique*

"Belgium is an important centre for securities- related services. Two CSDs, an ICSD and a major global custodian are located in Belgium. The Belgian National User Group can therefore rely on a wide range of expertise."



### **Cyprus**

*Stelios Georgakis, Central Bank of Cyprus*

"T2S is a unique opportunity to promote harmonisation and efficiency in the EU post-trading industry. These issues were addressed by the Giovannini barriers but are overdue in terms of being implemented.

Another challenge, equally important to the Cypriot market, is that T2S maintains a level playing field and ensures the viability of smaller markets."



#### **Denmark**

*Johannes Luef, CEO VP Securities*

"In the good spirit of the constructive collaboration with the T2S team, the Danish NUG will continue pursuing an adequate model for the Danish market participants focusing on maximising its benefits to the ultimate capital market beneficiaries, being the issuer and the end- investor, and ensuring the level playing field in T2S."



#### **Estonia**

*Kadri Martin, Eesti Pank*

"After the euro changeover in Estonia, the highest priorities for the EE NUG are the various technical and legal issues related to the direct holding markets specificities, including account allocation, pricing, and analysing possible ways of joining the T2S platform."



#### **Finland**

*Risto Koponen, Suomen Pankki – Finlands Bank*

"The role of FIN NUG is to distribute information on T2S to the Finnish market and convey the market's views to the advisory and decision-making bodies of T2S. In general, this role is not likely to change, but the focus will shift from general policies to implementation and standardisation issues, according to the development of the T2S project. The main challenge ahead is how to influence both T2S and the national market model so that also the Finnish market would benefit from the introduction of T2S."



#### **France**

*Yvon Lucas, Banque de France*

"I think indeed that T2S is not only a project aiming at proposing the same securities settlement services through Europe, but it is also the catalyst for a greater integration of post-trading activities in Europe: harmonisation in this sector will be key in the coming months to bring the maximum benefits from T2S. I will personally follow very closely the debates on harmonisation and I expect the FNUG to use the experiences gained from the Euro Settlement for Euronext-zone Securities (ESES) project and to be proactive."



#### **Germany**

*Jochen Metzger, Deutsche Bundesbank*

"It is a pleasure for me to chair the German National User Group, representing one of the most important markets in Europe. T2S as a project for the market needs the dialogue and the constructive contributions of its most active stakeholders to be a Europe-wide success."



#### **Greece**

*Michael Michalopoulos, Bank of Greece*

"T2S entails benefits beyond cost savings, especially where markets operate under varied securities account structures. The Greek NUG places great importance on the expected efficiency gains, enhanced liquidity and the achievement of economies of scope stemming from the harmonisation of securities settlement in Europe. Moreover, market participants look forward to the new business opportunities that the single and borderless securities settlement infrastructure will create to the benefit of all stakeholders."



#### **Hungary**

*Gergely Kóczán, Magyar Nemzeti Bank*

"In Hungary the CSD (KELER) and the central bank have set up a joint project to analyse developments and prepare for T2S. Although market participants were kept informed also in the past, the two institutions plan to set up a formal national user group in the coming months."



#### **Ireland**

*Michael Bushe, Central Bank of Ireland*

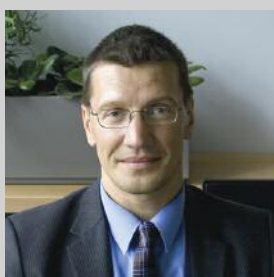
"In Ireland we were early movers in terms of our securities infrastructure and outsourced securities settlement some years ago. This early outsourcing is now creating some complexities in the T2S context. Naturally, we are working with the T2S team to mitigate these."



#### **Italy**

*Fabrizio Palmisani, Banca d'Italia*

"Competition is a key factor for T2S success, but there is no competition without harmonisation of settlement rules and a true level playing field among competitors. The IT NUG is currently analysing the competitive scenario in T2S and is ready to push the implementation of harmonised standards at the national level in order to contribute to the efficiency of the post-trading sector in Europe."



#### **Latvia**

*Egons Gailitis, Latvijas Banka*

"The topical issues for the Latvian NUG are the completion of the overall impact assessment for the Latvian securities market and evaluation of the legislative changes. Business decisions regarding the type of participation of banking groups present in Latvia in T2S and further progress of Latvia towards the introduction of the euro are other challenges to be addressed in the next phases of the project."



#### **Lithuania**

*Tomas Karpavičius, Lietuvos bankas*

“T2S for the Lithuanian market is, first of all, a change in the securities settlement market practice. The main advantage of this is that it will be a pan-European practice.”



#### **Luxembourg**

*Pierre Thissen (Banque centrale du Luxembourg) and Carlo Matagne (Banque et Caisse d'Epargne de l'Etat)*

“The Luxembourg NUG aims to serve as an interface between the T2S project and local financial actors, but since Luxembourg is the leading European center for the processing and administration of investment funds, a particular focus is put on matters that have an impact on these specific actors and on interacting with the related local industry associations.”



#### **The Netherlands**

*Jaap Mauritz, De Nederlandsche Bank*

“Our NUG-NL contributes to T2S bearing in mind the requests and wishes from the Dutch market community to have a safe, sound and efficient infrastructure in place for both domestic and cross-border securities settlement.”



#### **Norway**

*Kjetil Wante, Norges Bank*

“Preparing for potential T2S participation.”



#### **Poland**

*Iwona Sroka, Krajowy Depozyt Papierów Wartościowych*

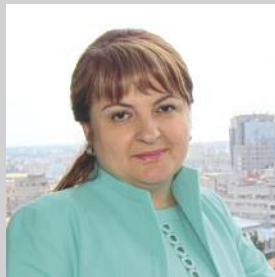
“Participation of the Polish zloty in T2S is currently the subject of debate in the Polish National User Group. Poland plans to join the euro area in the foreseeable future, although no firm date has yet been declared and accession will probably not happen before 2016-17. Declaration of participation of the Polish currency in T2S would, therefore, cause Narodowy Bank Polski to bear the cost of developing an interface that would be used for Polish zloty settlements for a rather limited period of time only.”



### **Portugal**

*Antonio Garcia, Banco de Portugal*

“T2S will consolidate securities post-trade infrastructure and promote financial integration in Europe. As a public undertaking of the Eurosystem, a successful T2S is expected to provide a level playing field to all markets, ensuring long-term net benefits to all stakeholders.”



### **Romania**

*Adriana Tanasoiu, CEO Depozitarul Central*

“It is thanks to the strong backing of our NUG participants that Depozitarul Central agreed to be in the first migration wave of the T2S implementation. In the next meetings of T2S, RONUG we will analyse the possibility of making the Romanian currency available in T2S and we will focus on the requirements for harmonisation of corporate actions, collateral management and other services.”



### **Slovakia**

*Peter Holicka, Národná banka Slovenska*

“Our mission is to consult the market on all issues relating to the development of T2S. We want to achieve the strong involvement of our stakeholders in the discussions to clarify a number of open issues related to T2S.”



### **Slovenia**

*Peter Centrih, Banka Slovenije*

“The Slovenian T2S National Users Group is a place where different views meet and melt into a harmonised idea – the integration of the Slovenian market in T2S.”



### **Spain**

*Susana Núñez, Banco de España*

“The Spanish NUG is a forum where the main T2S stakeholders can express their opinions, interests and concerns with regard to the different T2S aspects and assess the impact of T2S in the Spanish market. A proposed reform to Spain’s securities clearing, settlement and registry system is underway and it will contribute to the harmonisation and integration of the European securities markets.”



#### **Sweden**

*Göran Fors, SEB*

“One of the key challenges for the SWENUG is to find an acceptable solution for the end-investor account structure to fit with T2S. We are currently evaluating various alternatives for efficiently setting up these accounts in the T2S context. Another important factor for the SWENUG to consider before deciding whether to join T2S or not is the cost of using T2S. How high will the combined cost of CSD and T2S be? Other issues of relevance for the users are that both the CSDs and the central banks could reach acceptable agreements with the ECB regarding the outsourcing of the accounts and the currency to T2S.”



#### **Switzerland**

*Hans Däppen, SIX SIS*

“The goal of the T2S SNUG is to make sure that Swiss market participants as a whole will be well prepared to join T2S in 2015. The fact that Switzerland is a non-EU member with the Swiss Franc (CHF) as its currency adds a layer of complexity that other would-be participants do not face. SIX Securities Services continues to explore with the SNB and ECB the most suitable access option to T2S, using existing functionality and infrastructure in the form of SIX SIS Ltd – its subsidiary responsible for settlement.”



#### **United Kingdom**

*Henry Raschen, Head of Regulatory and Industry Affairs Europe, HSBC Securities Services*

“The Giovannini reports were published almost a decade ago, but we still have many barriers to full cross-border securities settlement in Europe. T2S has focused both the public and private sectors on a practical way forward, and as part of this the UK market is keen to work towards borderless settlement.”

## T2S IS ONLINE FOR YOU

### **What is T2S OnLine?**

T2S OnLine is a quarterly review that will provide you with first hand information about the T2S programme. It will give you project updates, insights into T2S and details on the current outlook, but one should not forget that behind any project there are people. Therefore, in each issue, T2S OnLine will take you closer to the people of the T2S community. We hope you will find T2S OnLine to be an enjoyable tool for obtaining up-to-date information about T2S.

### **Where can you find T2S OnLine?**

T2S OnLine can, of course, be found online, with the option to print if you would still like to have a hard copy.

### **How can you use T2S OnLine?**

The best way is to read it from top to bottom in order to absorb all of the information on T2S. However, T2S OnLine is designed to allow for a quick read – by simply hovering with the cursor, for example, relevant information will pop up automatically (visit the webpage to see how this works, [www.t2s.eu](http://www.t2s.eu)). For those requiring more specialised information, the Insight section will offer two articles on subjects of particular interest.

### **How can you contribute?**

As with the project itself, we would also welcome your views on T2S OnLine. If you have any comments or if you would like to propose a subject for the Insight section, we would be very happy to hear from you. You can contact us by e-mail at [t2-s@ecb.europa.eu](mailto:t2-s@ecb.europa.eu)



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