XMAP – Report on cross-CSD activity

Outline of key concepts

AMI-SeCo Meeting
7 December 2017

DG-Market Infrastructure and Payments
European Central Bank

ECB-UNRESTRICTED
Background

✓ Consultation was initiated in XMAP based on low Cross-CSD settlement statistics under 1% of total settled transaction after W4 migration. Following questions were posed:

✓ Whether low level of cross-CSD activity was perceived as an issue or a deliberate choice of market actors

✓ What factors were hampering or stimulating cross-CSD activity

✓ The ECB team also conducted a survey with the DCPG to understand the impacts and benefits of T2S on their activities, especially in a cross-border context.

Report is based on the input of XMAP/DCPG members, as well as HSG and Ami-Seco discussions
T2S facilitates cross-border access to securities in multiple ways…that are not all directly measurable as such.
Cross-CSD statistics shall be refined with new indicators...

**Today**

- CSD A as Issuer or Investor
  - Participant A
  - External CSD
  - Transactions reported as intra-CSD settlement
  - ISIN X

- CSD A as Issuer
  - Participant A
  - Participant B
  - Issued by CSD B
  - Transactions reported as intra-CSD settlement

**With implementation of new indicators**

- New indicator External CSD transactions
- New indicator Intra-Investor CSD transactions
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T2S Operations Report

Disclaimer: The proportion of each bar is purely illustrative

Today

With implementation of new indicators

Activity that is not tracked as still aggregated with intra-CSD transactions:
(i) Cross-CSD activity through Indirect CSD links
(ii) Cross-border activity/investments through multiple CSD participation
Market actors are adapting to the T2S landscape and its opportunities

Priorities of T2S actors

+ T2S migration with focus on existing domestic business
+ Compliance to T2S standards
+ Compliance with various Regulations

− Strategic initiatives have been slowed down or postponed
Remaining barriers hamper cross-border settlement integration (*)

- Gaps with market CA standards
- Non-harmonised withholding tax procedures
- Additional efforts and costs
- Obstacles to service Issuer CSD market
- Outsourcing of asset and tax services to local intermediaries

Some of other barriers
- Non-harmonised registration processes
- Restriction at primary and secondary market level

(*) as reported by consultations in XMAP and DCPG

Also on wider EU agenda

EPTF Report
Thank you for your attention

www.harmonisation.t2s.eu

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