

<b>Document Title</b>	<b>T2S Consultation Paper: Principles and High Level Proposals</b>
<b>Document Reference</b>	<b>070323_note_ConsultPrincipalsProposals_v0.98.doc</b>
<b>Issued for review</b>	<b>26.04.2007</b>
<b>Deadline for review</b>	<b>27.06.2007</b>

Principle No	Statement	Comment	Institution	Confidential
1	I completely disagree	<p>It would be impossible for the management of a CSD and for the Board of Directors to approve giving away one of the 2 core functions of the CSD, settlement, without being presented with a concrete proposal that would ensure the smooth functioning of the C&amp;S for the market it serves and without receiving tangible returns. Anyway, for a listed company such as HELEX, such a decision should be taken by the General Meeting of the Shareholders which must be convinced that the financial position of the company and the value of their investment is not diminished.</p> <p>T2S can only be seen as an outsourcing project of a large scale and scope (IT out sourcing for the development phase, settlement platform outsourcing for the operational phase). In any case of outsourcing CSDs should examine a number of criteria before making a decision. Such criteria have been set out</p> <p>Additionally, as stated in the CESR-ECB standards, to outsource settlement activity a CSD should also obtain prior approval by its regulator and ensure that the insourser meets the standards/rules set out by the regulator for the operation of the settlement system in its market.</p> <p>As Eurosystem, to our knowledge, is not a legal entity by itself, it should be clarified which is the legal entity that will take over the development and which the operation of the T2S.</p>	HELLENIC EXCHANGES S.A.	No
2	I completely disagree	<p>The implementation of T2S, on the basis of a T2 platform is a technical decision that should be taken only after evaluation of alternative solutions. For this reason, in line with good procurement practices set out by EU as well, a PanEuropean RFP should be issued, inviting all interested parties that feel able to implement T2S to deposit their proposals (technical, economical, operational). The decision on the entity that will develop and operate the platform and which will insource all settlement from the Euro CSDs should be based on the evaluation of the alternative proposals taking into consideration a set of agreed and transparent criteria.</p> <p>Beforehand, the requirements for T2S, including those of availability, resilience, recovery time, security, should be identified and agreed without the constraint of the T2 technical platform and operational environment.</p>	HELLENIC EXCHANGES S.A.	No
3	I do not agree entirely	<p>ECB should prove without doubt that settlement processing can be separated from the other CSD services in an efficient and cost effective way. In the consideration of the implications for the CSD from the outsourcing of settlement processing, the possibility should be noted for the CSDs to engage on a complete redesign of the existing high level and low level functionality in the asset servicing area.</p>	HELLENIC EXCHANGES S.A.	No
4	I do not agree entirely	<p>It will have to be proved, through a thorough impact analysis after the requirements are defined, that it will be technically feasible and financially viable to keep a large number of end-client accounts at the CSD and also with the central system (T2S) (account mirroring).</p> <p>The operation of transparent direct holding system by a market structure should not be penalised through an adverse cost effect in terms of communication or other related costs.</p> <p>For legal reasons (having to do with the legal location of the account for the applicability of the choice of law rule -Hague Convention) and operational risk reasons (extended notary function and registration at end-client level is performed by the CSD), the finality should be achieved at the CSD accounts, therefore the securities accounts at T2S should be a mirror of those held in the CSD.</p>	HELLENIC EXCHANGES S.A.	No

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5	I do not agree entirely	Currently the users have access to the CSD at real-time and perform functions (eg. securities blocking, enrichment, give-up, take-up) that require the maintenance of securities balances within the CSD platform. It is not clear whether such real-time services will be offered by T2S and how the current level of service will continue to be offered to CSD clients. Even in the worst-case-scenario where only end-of-day balances will be offered by T2S, CSD processing for these services requires maintenance of relevant databases and account structures, and therefore does not decrease the CSD running costs. Overall, the account and database structure that is needed for settlement would still need to be present in the CSD and the only modules that would be obsolete would be the actual settlement modules (eg optimization, dvp, fop modules etc). Therefore, the duplication target is perceived unattainable or difficult to practically achieve with concomitant repercussions on the running costs.	HELLENIC EXCHANGES S.A.	No
6	I do not agree entirely	For securities account balances only to be changed in T2S, T2S should provide the functionality of servicing of a number of asset servicing actions, such as the processing of non-intermediated OTC transfers, processing of corporate actions, placement of blockings and encumbrances on securities balances, resolving of inheritance, etc in an effective way. Moreover, effecting all transfers on the centralised platform should not put in question which laws governs the ownership aspects of securities holdings and transfers.	HELLENIC EXCHANGES S.A.	No
7	I do not agree entirely	In the case of direct holding systems it should be defined in which accounts settlement finality is achieved. If finality occurs at the T2S end-client accounts then the following issues need to be solved: 1. Who will be responsible for the legal and operational risk of the mirroring of the T2S account balances into the CSD? 2. Will users have real-time functionality in the T2S securities accounts or in their CSD accounts? 3. For CSDs that have extended notary function and for which registration is performed at the same time as settlement in end-investor securities accounts it is not possible to assume that finality occurs within T2S accounts as there is always mis-alignment risk.	HELLENIC EXCHANGES S.A.	No
8	I agree	Access to settlement in central bank money should be provided to all CSDs deciding not to join T2S. This access should be provided under no discriminatory conditions of price, technical interface, service level, performance, accessibility, liability and availability. Additionally, the Eurosystem should recommend to its member NCBs to remove all obstacles and provide facilities for access to CeBM to all CSD participants that do not have banking status.	HELLENIC EXCHANGES S.A.	No
9	I agree		HELLENIC EXCHANGES S.A.	No
10	I agree		HELLENIC EXCHANGES S.A.	No
11	I completely disagree	Since the legal responsibility remains with the CSD, users should not be allowed a direct access to T2S especially with regards to instructions input and maintenance. A facility of direct access could be offered to interested parties for reporting purposes only.	HELLENIC EXCHANGES S.A.	No
12	I agree	CSD's participation in T2S is a business decision that should be taken by the CSD Shareholders, particularly in the cases that CSD is part of a listed company as in the case of HELEX. However, what will be the implications on the part of access to central bank money if a CSD decides not to participate in T2S?	HELLENIC EXCHANGES S.A.	No
13	I agree		HELLENIC EXCHANGES S.A.	No

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14	I do not agree entirely	National legal obligations of the CSDs as well as business requirements of all CSDs have to be considered when defining the relevant minimum standard for connectivity and access conditions.	HELLENIC EXCHANGES S.A.	No
15	I do not agree entirely	National legal obligations of the CSDs, business requirements of CSDs and the technical necessities of CSDs (e.g. technical infrastructure and infrastructures of other outsourcing partners of the CSDs) have to be considered when defining the relevant arrangement.	HELLENIC EXCHANGES S.A.	No
16	I do not agree entirely	Eventhough the principle is in line with general ECSDA standards, for HELEX it will be difficult to adopt T2S callendar if it is the same as T2. Greece has quite different religius holidays(Orthodox country) and national holidays during which settlement in Greek securities should be closed and ATHEX is not open for trading. Hence these daus cannot count as settlement days, thus HELEX will have problems adopting such a T2S calendar (the banking sector in Greece in general is closed during these days as well, eventhough Bank of Greece has adopted the T2 calendar). We beleive that T2S should keep a calendar of settlement days per CSD and instrument. Securities settlement requires an extended timetable.	HELLENIC EXCHANGES S.A.	No
17	I do not agree entirely	In general we are supportive of harmonization if it is based on already agreed solutions (removal of Giovannini barriers) or it is commonly agreed. However, a crucial factor in the harmonization process is national legislation and local regulation, for the change of which the involvement of the national Capital Market regulator in the early stages of the T2S project is required, as CSDs normaly are not under the juristinction of the NCBs.	HELLENIC EXCHANGES S.A.	No
18	I do not agree entirely	T2S should be operated on a not-for-profit basis and should not add to today's settlement cost. How development will be financed and how will the full recovery of the cost will be accomplished? In other wolds, who pays-how much? How CSDs that are joining at a later stage (due to delayed decision or newcomers to the euro area) will be treated with regards to initial development costs? Is cost-efficiency taken as consideration in the proposal that the 3NCB+ will take up T2S development. Have all alternatives been examined? The economic feasibility study should provide concrete answers for all of the above and should be reviseted once the URD phase is completed.	HELLENIC EXCHANGES S.A.	No
19	I do not agree entirely	The explanation of this principle by the Eurosystem appears to mix together the commitments of T2S ( the subject of the principle), with what appears to be a statement in the explanation that there will be a T2S imposed requirement that CSDs abide by the code of conduct. Based on all avaiable documentation it seems that CSDs using T2S will be charged separately for the securities leg and the cash leg of settlement which is something not customarily done for settlement transactions. As IT provider the Eurosystem must allow CSDs to comply with the code of Conduct provisions on unbundling with respect to their participants.	HELLENIC EXCHANGES S.A.	No
20	I agree	A crucial factor in the harmonization process is national legislation and local regulation, for the change of which the involvement of the national Capital Market regulator in the early stages of the T2S project is required, as CSDs normaly are not under the juristinction of the NCBs. Are there plans to involved capital market regulators in the process of T2S development?	HELLENIC EXCHANGES S.A.	No