



CENTRAL BANK &
FINANCIAL SERVICES
AUTHORITY OF IRELAND

Dear Sir/Madam,

In response to the *'T2S consultation paper: general principles and high-level proposals for the user requirements'* dated 26 April 2007, I attach comments on the content of the paper that have been prepared following the 2nd meeting of the Irish T2S National User Group (NUG). Additional comments may, of course, be received by the ECB directly from individual institutions.

In addition to these detailed comments on the consultation paper, concern was expressed within the NUG that difficulty would be experienced by the market in delivering properly considered views to the Eurosystem as a result of what are seen as being overly tight consultation deadlines. It was also the view of NUG members that an EU-wide impact assessment should be carried out in order to determine the impact of T2S on various market sectors and participants. This is seen as being especially important as the market is currently coping with significant changes and challenges. The National Treasury Management Agency (NTMA), as one of the smaller issuers in the euro area who uses an ICSD as the depository for its Government bonds, feels that the question as to whether there could be a disproportionate and perhaps negative impact on the operation of the Irish Government bond market in T2S as compared with the current position should be considered in the overall context of the business case. The NTMA also feels that the possible impact of T2S generally on the smaller market players should be explored in some detail.

A further issue of concern that was raised within the NUG related to the view that has been expressed by various CSDs that the transfer of settlement functionality from the CSDs to T2S would not reduce their existing infrastructure in any significant way. The effect of this is seen to be that the CSDs' cost base may not be reduced in any meaningful way and that users' transaction costs may in fact increase when T2S transactions costs are added to those levied by the CSDs. This may be further influenced where a (I)CSD provides multi-currency

settlement, a particular concern of the Irish market given current settlement arrangements for Irish equities and Government bonds.

In the absence of detail on precisely how corporate actions would be facilitated in the T2S environment, the splitting of settlement and custody functions between T2S and the CSDs continues to trigger worries over the future efficient handling of corporate actions.

Yours faithfully,

Dermot Maher
Chair – Irish T2S National User Group