

Feedback to consultation paper

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

Proposal Nr.	Statement	Comment	Institution	Confidential
30	I do not agree entirely	Settlement discipline is a key part of the rules of any settlement system and the impact on a CSDs settlement discipline regime of participants having the choice of matching in the CSD or in T2S without the same set of discipline rules and fines applying to matching in both the CSD and T2S should be examined.	The Irish Stock Exchange and The Irish Bankers Federation	No
31	I do not agree entirely	We agree with the adoption of harmonised rules and procedures. However, we would like clarification of whether this new harmonisation process would necessitate any changes to the harmonised rules and procedures already agreed for the 5 markets involved in the Euroclear harmonisation project as the Irish market wants to avoid any possible delay to the Single Platform target date of 2010.	The Irish Stock Exchange and The Irish Bankers Federation	No
33	I do not agree entirely	We agree with the adoption of harmonised rules and procedures but as stated in our response to proposal 31, we would like clarification of whether adopting the EDSDA standards would necessitate any changes to the harmonised rules and procedures already agreed for the 5 markets involved in the Euroclear harmonisation project as the Irish market wants to avoid any possible delay to the Single Platform target date of 2010.	The Irish Stock Exchange and The Irish Bankers Federation	No
35	I do not agree entirely	Will this ability to amend instructions have any impact on the ability to reconcile data held in both the CSD and T2S?	The Irish Stock Exchange and The Irish Bankers Federation	No
48	I agree	We agree in principle but have some queries. How long will transactions be recycled for and how long will unmatched transactions remain? This would have to be identical to each CSD's own rules. How will T2S deal with multiple CSDs having different sets of rules?	The Irish Stock Exchange and The Irish Bankers Federation	No

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50	I do not agree entirely	Holding two sets of records in both T2s and the CSDs may result in duplication of data and effort with an additional leg in the reconciliation process from T2S to CREST and from CREST to registrars.	The Irish Stock Exchange and The Irish Bankers Federation	No
51	I do not agree entirely	Will T2S allow non-EU securities to settle, e.g. securities with a US CUSIP?	The Irish Stock Exchange and	No
52	I do not agree entirely	On the issue of the links between T2S and CSDs: will there be an associated cost for industry and if so, it should be taken into account in the "end-to-end" savings analysis which the T2S Advisory Group has stated will be carried out. Is there any risk to the smooth running of the settlement process arising from the number of additional links, including the significant number of links directly between T2S and users? On the question of corporate actions, if a CSD has a Corporate Action due for settlement and T2S has a delivery pending settlement for the same security in the same account, how will this situation be handled and what safeguards will there be to ensure a negative balance is not created?	The Irish Stock Exchange and The Irish Bankers Federation	No
66	I do not agree entirely	This migration will need to take into account participants whose securities are held in one operational account in the Euroclear Full Service which covers a wide range of different markets.	The Irish Stock Exchange and The Irish Bankers Federation	No
67	I do not agree entirely	While we agree with harmonised procedures we feel it is essential that an independent market impact study in undertaken to ensure that the impact of this proposal is fully examined and understood by all parties prior to any decision to go with this project.	The Irish Stock Exchange and The Irish Bankers Federation	No

Principle 3

In order to support this project, the market needs to be convinced that corporate actions processing will be handled appropriately where settlement and corporate actions processing are not handled by the CSD. Doubt has been expressed by some CSD participants as to whether this is achievable. It is essential that the Technical Group includes representatives with detailed knowledge of corporate actions processing to address technical issues in relation to corporate actions. For instance, how would T2S be aware that securities relating to a non T2S settling transaction had an increased number of shares, been removed or otherwise amended. Furthermore, issues in relation to processing of corporate actions in both T2S and non-T2S currencies should be addressed. The market should then be given sufficient time to comment on the T2S detailed proposal for corporate actions processing. Furthermore, if CSDs will be required to carry out custody functions, it would appear likely that they will need to retain most of their systems with an additional requirement to reconcile data with T2S. If that is correct, the extent of the cost savings expected by the ECB is less likely to arise.

Principle 4

It would appear that there will be an increase in duplication of static data between CSDs and T2S. This will also require CSDs to reconcile their data with T2S, which may add to inefficiencies and ultimately to the costs of market participants.

Principle 5

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	<p>Principle 5</p> <p>If CSDs will be required to carry out custody functions, it would appear likely that they will need to retain most of their systems with an additional requirement to reconcile data with T2S. If that is correct, the cost savings expected by the ECB are unlikely to arise. Transfer of title to Irish securities does not take place on a real-time basis as electronic transfer of title does not apply. Will non-ETT transfer of title be accommodated in T2S? This would seem to require links with registrars.</p> <p>Principle 6</p> <p>Will links be necessary to registrars, which are used by issuers in Ireland and the UK? Also, stamp duty is levied on transactions on shares in Ireland and the UK and is currently collected by the CREST system, which provided a feed to the Irish and UK Revenue. Will this remain a responsibility of the CSD?</p> <p>Principle 7</p> <p>We would like to query whether the law pertaining to finality of transfers will be determined in line with Irish law, as is currently the case, rather than the "law where the CSD that has opened the securities account is established". On the issue of the links between T2S and CSDs: will there be an associated cost for industry and if so, it should be taken into account in the "end-to-end" savings analysis which the T2S Advisory Group has stated will be carried out. Is there any risk to the smooth running of the settlement process arising from these additional links? Will there be any impact on participants in Euroclear who have securities in both Full and Domestic Service when settling in T2S?</p> <p>Principle 9</p> <p>A high percentage of Irish firms' business is conducted in GBP so it is essential for the Irish market that any solution allows for settlement in GBP as well as Euro.</p> <p>Principle 10</p> <p>Please refer to our response to Principle 9. GBP settlement would be essential from day one of T2S production for the Irish market.</p>			