

Market consultation feedback on T2S user requirements and annexes

General concerns of major importance for the Danish NUG

submitted by

Danish National User Group

Nbr	Topic	Concerns		Confid. Y/N
1	Pricing policy	A question of paramount importance for single investor systems is the coming pricing policy of T2S. The Danish NUG therefore welcomes statements, that T2S will offer a fair and undiscriminatory fee structure. We strongly recommend that the ECB releases a note on the structure of the intended fees and an indicative level before asking financial markets to indicate whether they will participate in T2S. The treatment of CA in the pricing structure seems to be of major importance in this regard.		N
2	Legal effect time	Though legal responsibility remains with the CSD clearing and settlement is handled by T2S. We therefore find that there is a risk for settlement in T2S overtakes legal registration in the CSD when dealing with single investor registration systems. The issue was discussed with Mr. Helmut Wacket at the Nordic NUG meeting held in Helsinki on March 11 and we very much welcomes that T2S recognises the problem and look forward to further discussing it with T2S		N
3	May 1st challenge	The Danish NUG welcomes the proposal concerning closing days in T2S received after the launching of the URD. Quoting from a mail received from Mehdi Manaa on 26 th February: <i>About your issue on the 1st of May, we have received similar concerns from other markets. It seems that the current wording of the URD is open to different interpretations and the reference to the integrated or the interfaced model seems confusing for some people. We will try to clarify this matter in the next version of the URD that we will issue after the end of the market consultation period. The suggested clarification would be the following; for settlement of free of payment (FoP and CoSD) transactions, T2S will be open from Monday to Friday every week (i.e. settlement of free of payment transaction is possible on TARGET2 closing day); for settlement against payment or free of delivery transactions in a given T2S currency, T2S will be open according to the calendar of opening days of the relevant Central Bank (i.e. the TARGET2 calendar for DvP settlement in Euro, and the Danish Central Bank calendar for DvP settlement in DKK if the DKK is inside T2S).</i> We trust T2S.03.330 will be corrected accordingly.		N
4	Maintenance issuer for "foreign" securities	1. In case an external CSD fully owns or is fully owned by a T2S participating CSD it is of major importance that the role as maintenance issuer for securities issued outside T2S is handled by that T2S participating CSD.		N
5	Policy for future legal and system changes	By transferring Danish clearing and settlement to T2S VP partially hand over sovereignty of clearing and settlement, accounts and holdings. It is of major importance for the Danish financial sector to receive assurance that both legal initiatives (Danish as well as international) and market needs can be implemented in T2S at a cost comparable to implementation in the current domestic systems. The URD does not contain descriptions on how this is intended to be handled. To this we need information on procedures, response times and costs occurring hereof. Furthermore the URD does not address how direct connected user and CSD interaction is foreseen for system changes - major as well as minor.		N
6	System interface	1. All T2S functionality must be provided via a system-to-system interface in the way which makes it possible to pass on system generated transactions and events without manual interference. This is especially important for types of transactions which either are repeated on a frequent basis and/or requires synchronization between CSDs and T2S. This is the case for a long range of transactions like creation/maintenance of ISINs, accounts and corporate actions.		N
7	Level playing field for all currencies	1. As the scope of T2S includes also settlement in EUR outside the Euro zone as well as potentially also settlement in other currencies than Euro, the Danish financial sector find it of major importance that T2S is based on a principle of level playing field for all CSDs regardless of their location inside or outside the Euro zone, as specified below.		N

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