



27 June 2007

European Central Bank
Directorate General Payment Systems
and Market Infrastructure
Kaiserstrasse 29
D-60311 Frankfurt am Main

By e-mail

**T2S Consultation Paper:
General Principles and High Level Proposals for the User Requirements**

On 26 April 2007 the European Central Bank launched a public consultation on the general principles and the set of high-level proposals defining the nature and scope of Target2-Securities (T2S).

The European Securities Forum representing major users of European securities markets welcomes the invitation to comment on this consultation paper and we set out our comments as follows:

We largely concur with the **General Principles of T2S**. However, we have the following comments and suggestions of modifications and amendments:

- Rather than referring to certain parts of the **Code of Conduct** on Clearing and Settlement of 7 November 2006 in Principles 14 and 19, the General Principles should state full compliance of T2S with the Code of Conduct and its signature by the Eurosystem in a separate principle.
- The principles covering **T2S ownership** (Principle 1) and the **T2S technical platform** (Principle 2) appear to be forgone conclusions; we would prefer that these topics will be decided on by taking into account the detailed technical, legal and economic analysis to be performed by the end of 2007.

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- **Principle 3** is too restrictive. The principle should not create a prohibition on future developments of centralised technical solutions or messaging functionalities that will be of benefit to the market as a whole.
- **Principle 4** should be amended by outlining a solution in regard of issuer CSD functionality should the respective CSD not choose to become a T2S participant.
- **Principle 5** should not be used to justify unduly complex functionalities on T2S that may bring actually little benefit to CSD users (see also comments on Principles 17 and 20 below).
- **Principle 10** should be specified as to being up front technically capable of settling currencies other than euro.
- **Principle 17** should not be superseded by **Principle 20**, i.e. national specificities like the registration process for equities in Spain should be eliminated and the highest possible degree of operational, legal, regulatory and fiscal harmonisation and standardisation of settlement related processes should be achieved by the time of implementing T2S.

Our comments on the **Functional High-level Proposals of T2S** and on the **Non-functional High-level Proposals of T2S** are contained in the attached template.

European Securities Forum
Werner Frey, CEO

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