



TARGET2-Securities

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European Central Bank

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The vision

Users need to maintain a single account with a single CSD to settle any security available in T2S with any other user

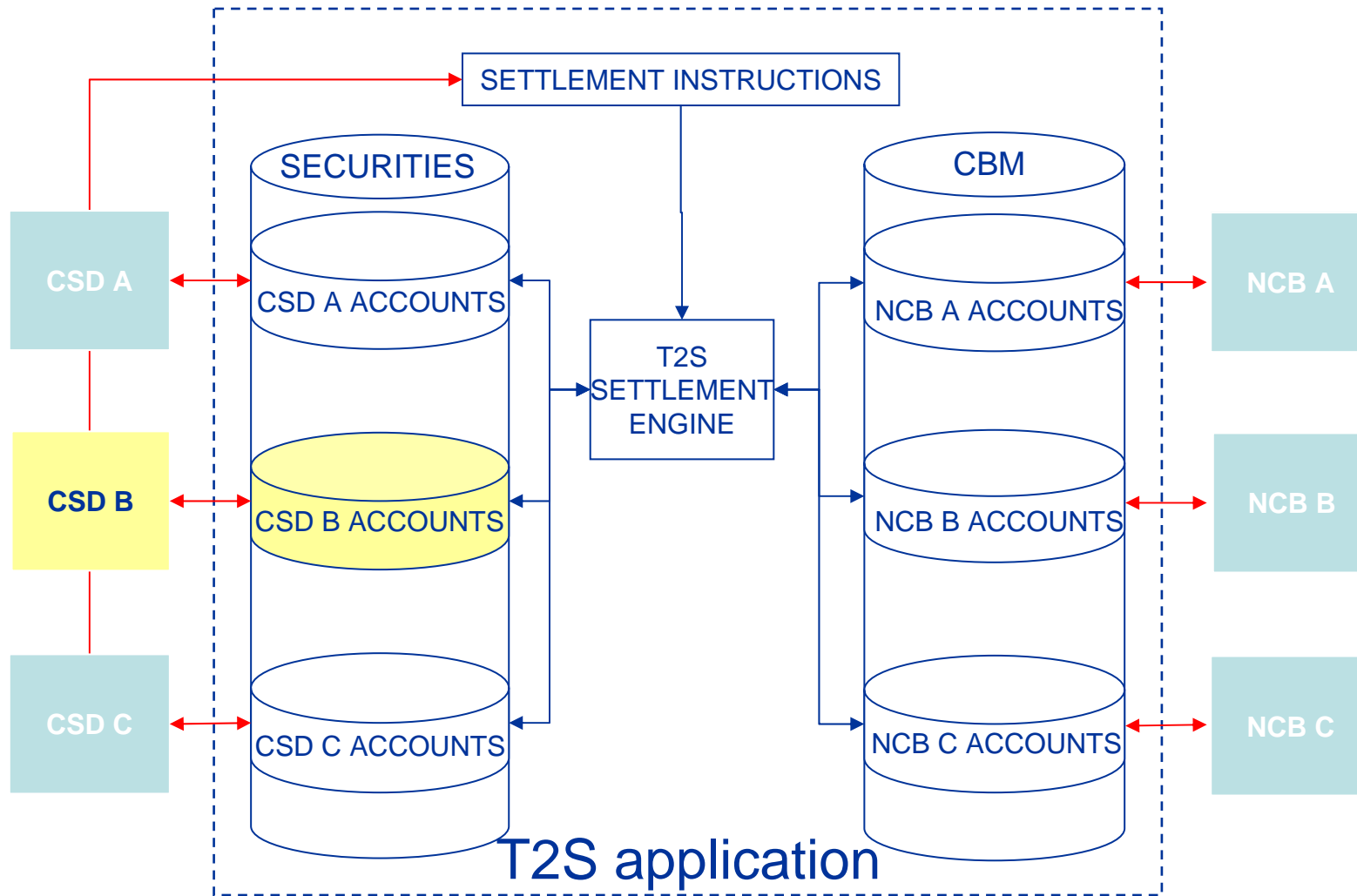
- Multiple CSDs; One standard settlement process
- More integration
- More choice
- Same vision behind TARGET2, SEPA, CCBM2
- To make cross-border settlement throughout the EU as simple as domestic settlement

**Making Europe a better place to invest
and trade**

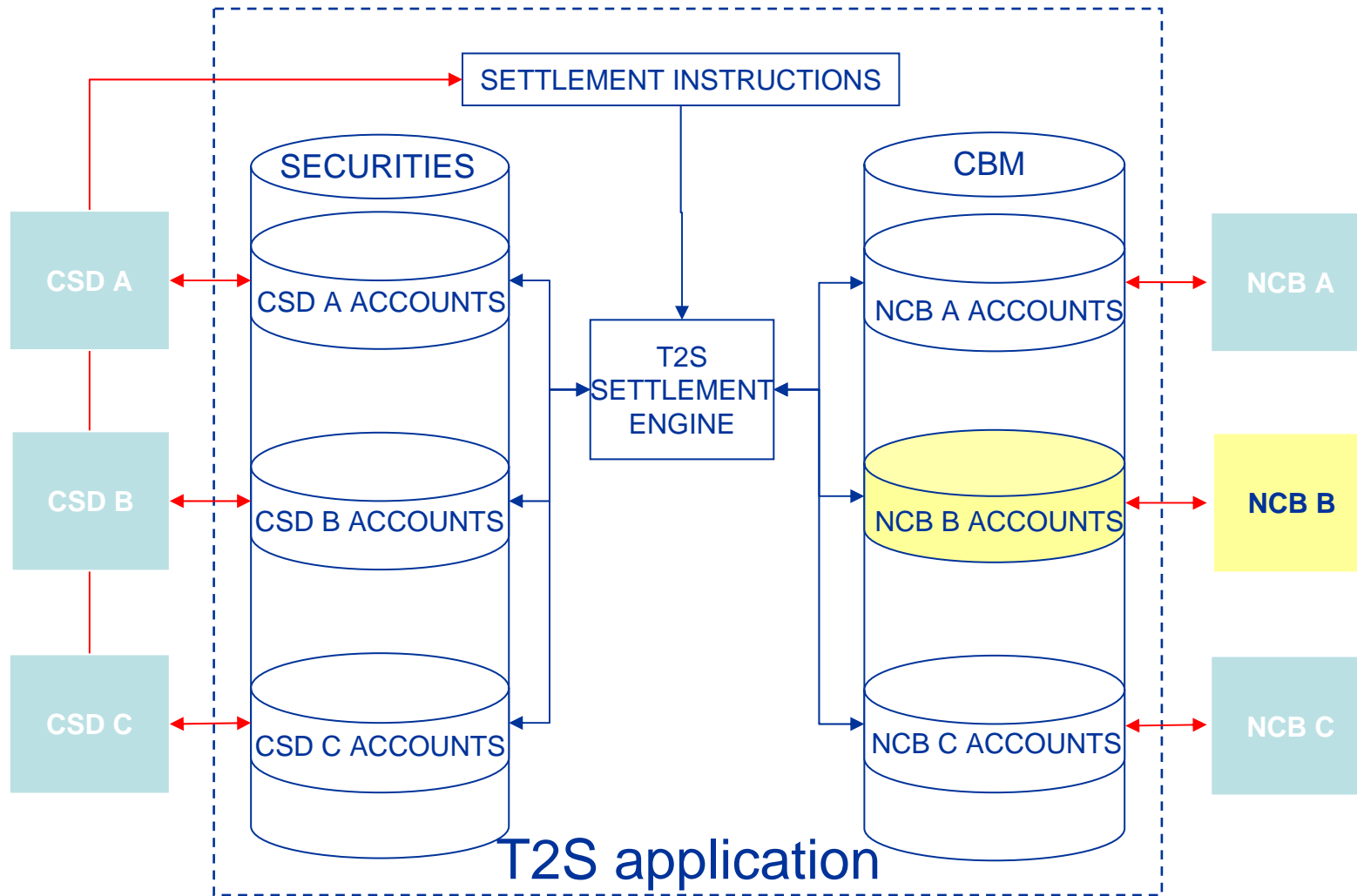
What is T2S?

- T2S will be a single IT platform enabling settlement of securities in central bank money over the euro area/EU/EEA
- CSDs would delocalise their securities accounts to T2S, which would perform the processing of their settlement instructions on these accounts
- CSDs would keep their customer base and continue to perform non-settlement related functions (issuance, corporate actions, custody ...)

What is T2S?

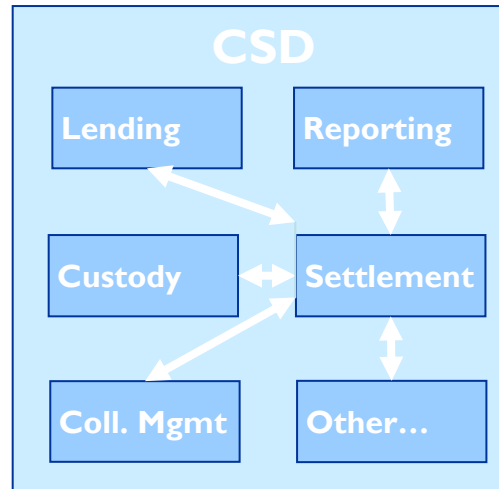


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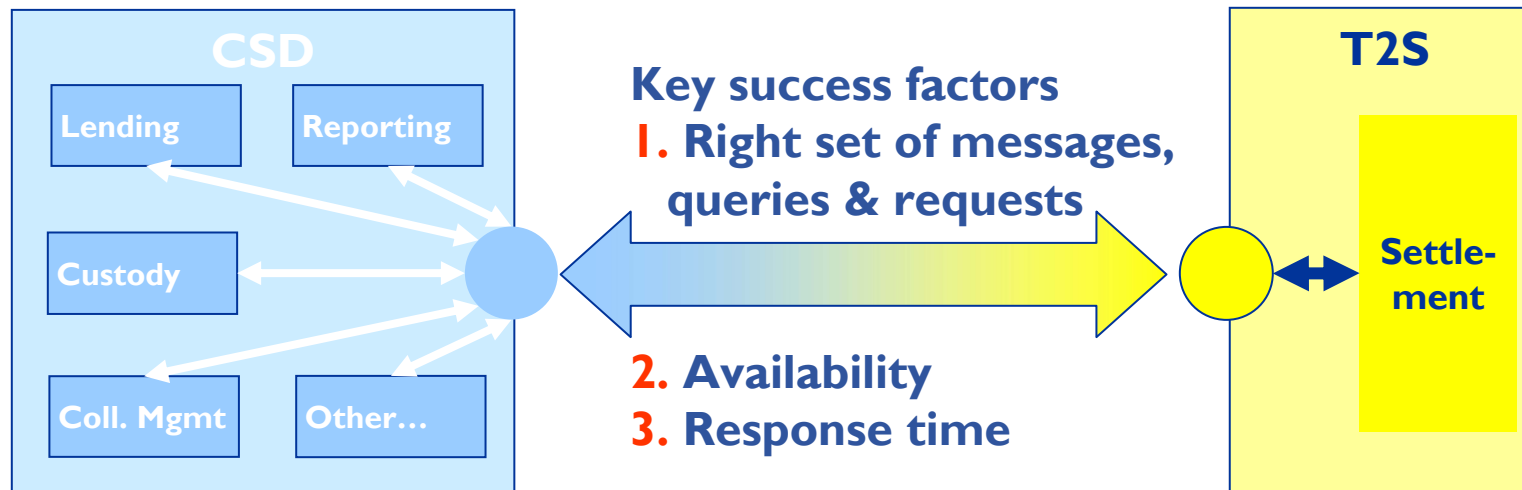
What will change?



T2S does not segregate custody and settlement

Today

T2S world



How is the Eurosystem positioned?

- A neutral, European entity
- Committed to European integration
- Ready to finance the project
- Offering settlement in central bank money services
- Bringing the varied expertise/interests in the market to one table

**A necessary driver for integration ...
but not sufficient**

How does it impact CSDs?

- “Shift resources away from commoditised settlement to areas that will determine competitiveness in the future”
- Need to accept securities issued in other CSDs and serve international customers to remain competitive. May involve alliances with institutions which currently have this expertise.
- Lower running costs; Income levels subject to more competition

A key for change lies in those who are most affected by the change

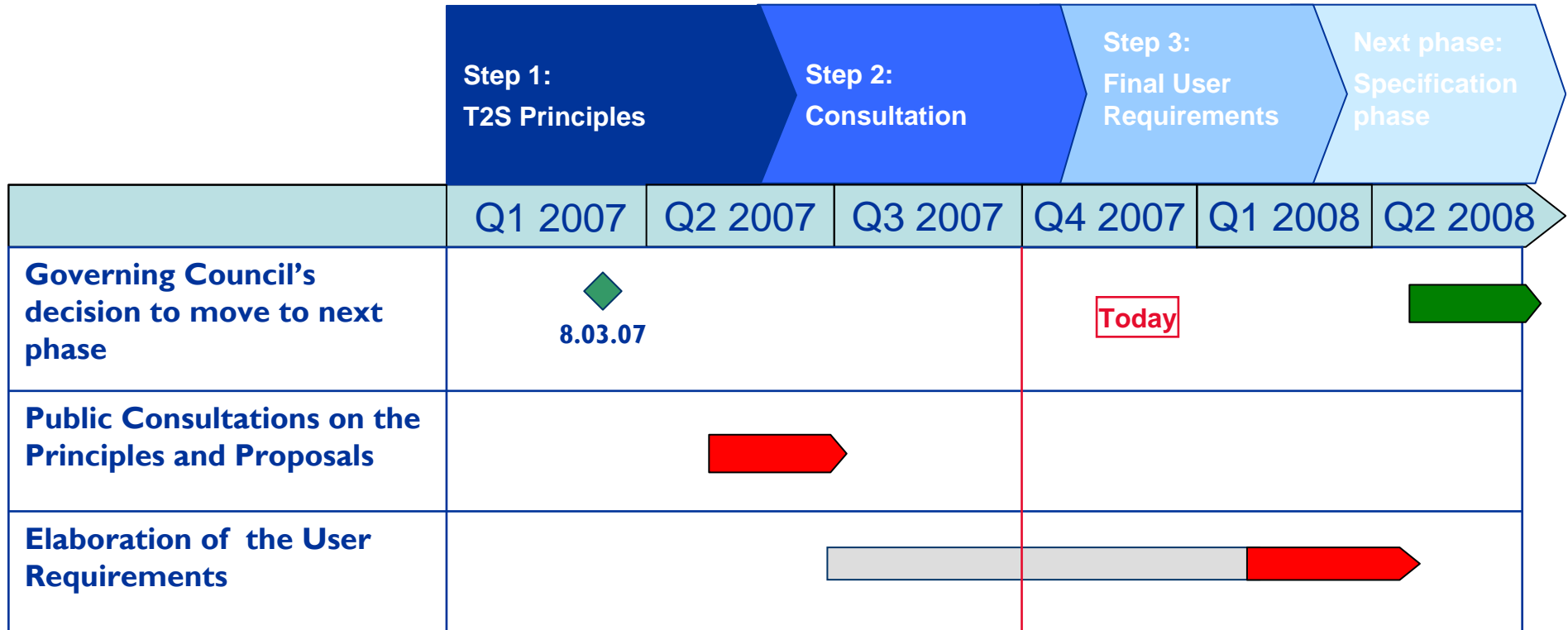
What can T2S deliver?

- Provide a single venue where all EU assets can be exchanged for euro (and other currencies if they opt in).
- Reduce cost of cross-CSD settlement via a single settlement platform and standardized communication protocols.
- Eliminate financial exposure in cross-CSD settlement through central bank money settlement.
- Provide position takers with the ability to optimise the financing of long positions and borrowing for short sales across all EU assets in *euro*

What can T2S deliver?

- Increase efficiency of collateral management by the intraday transfer of collateral in securities among CSDs over a wide time window.
- Support capital markets to provide efficient and stable intermediation between buyers and sellers.
- Reduce complexity and associated operational costs and risks by harmonizing market rules and practices for settlement and settlement related corporate events.

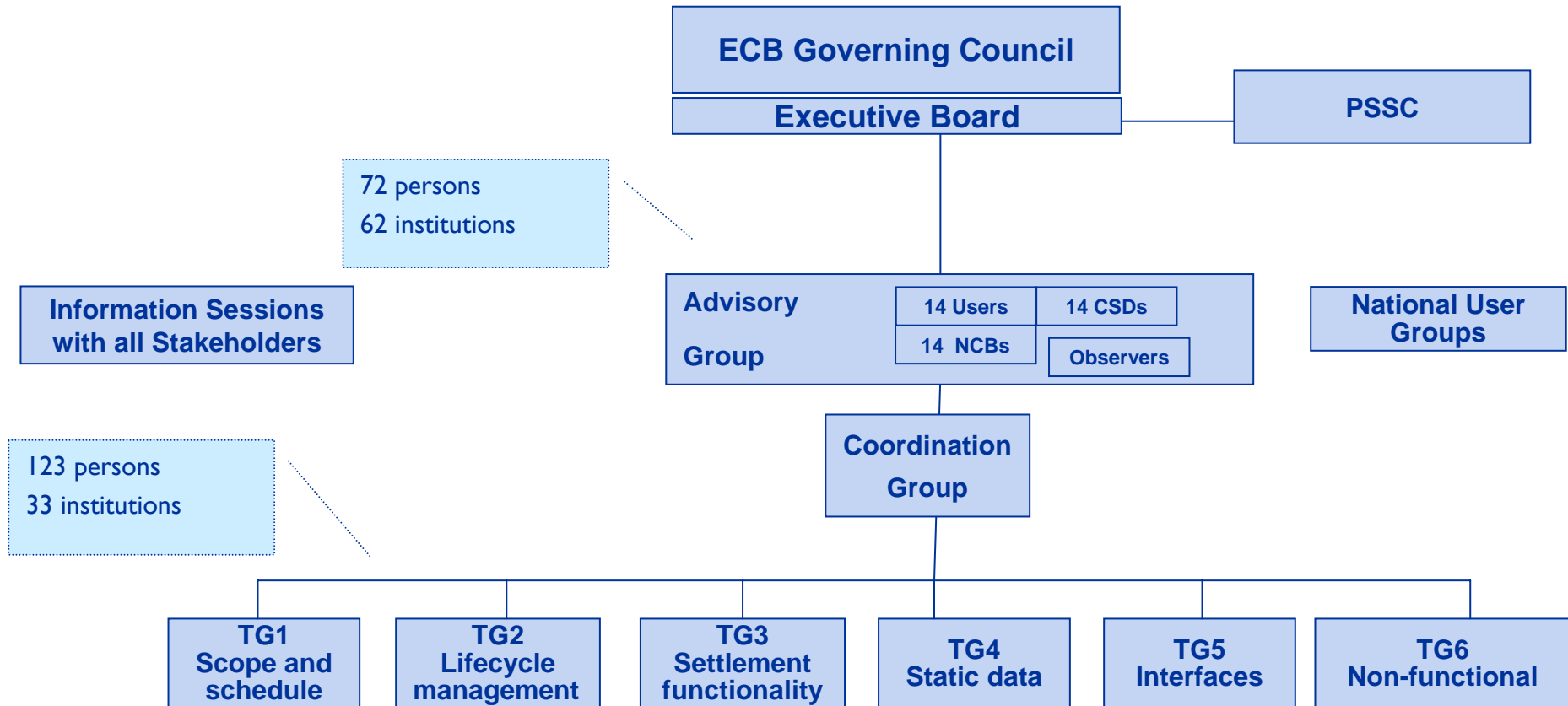
Where are we?



 **Drafting**

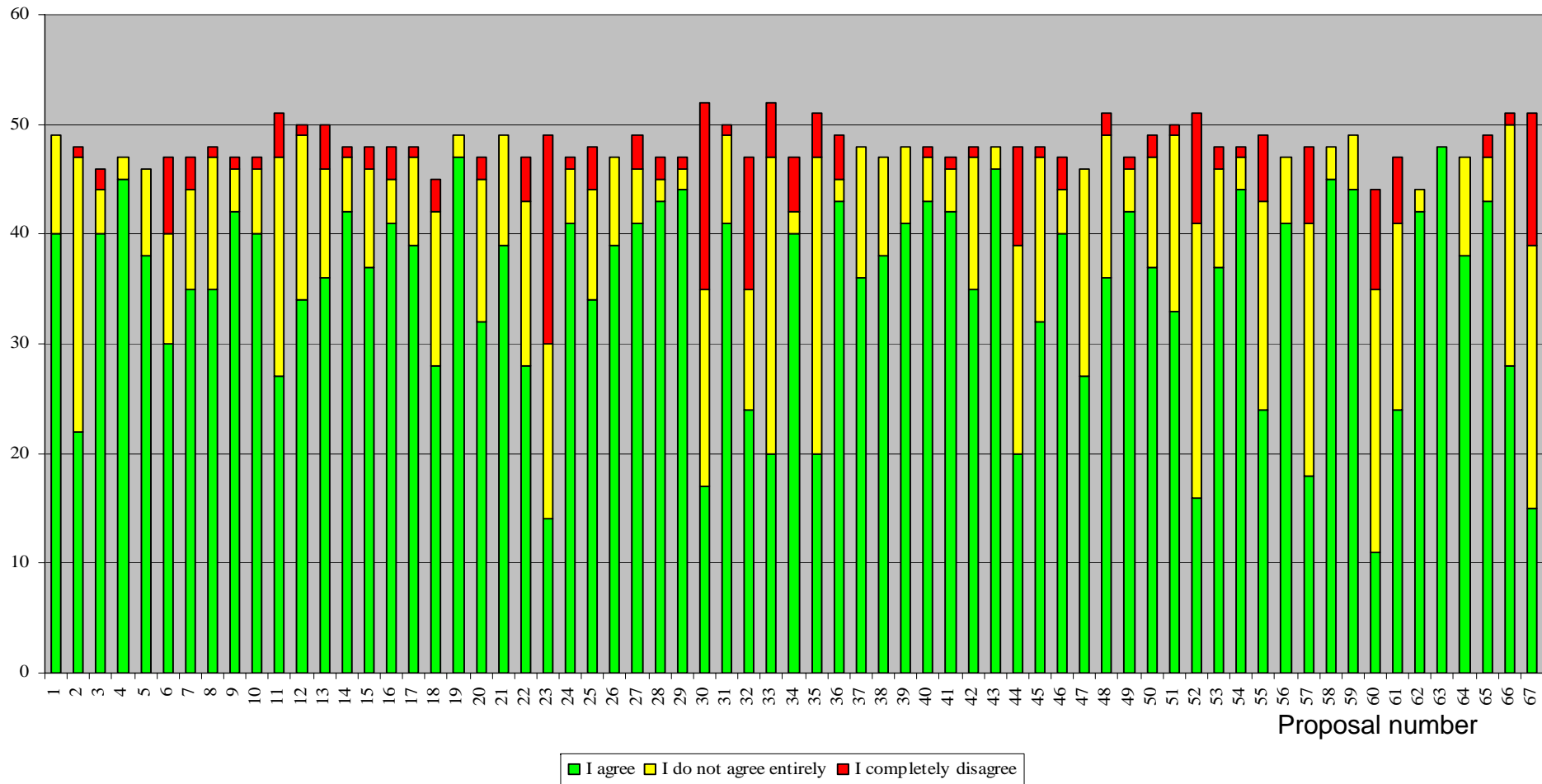
 **Public consultation**

Where are we?



- 188 experts coming from 77 institutions
- All CSDs settling in euro participate
- 33 custodian banks

Satisfaction per proposal



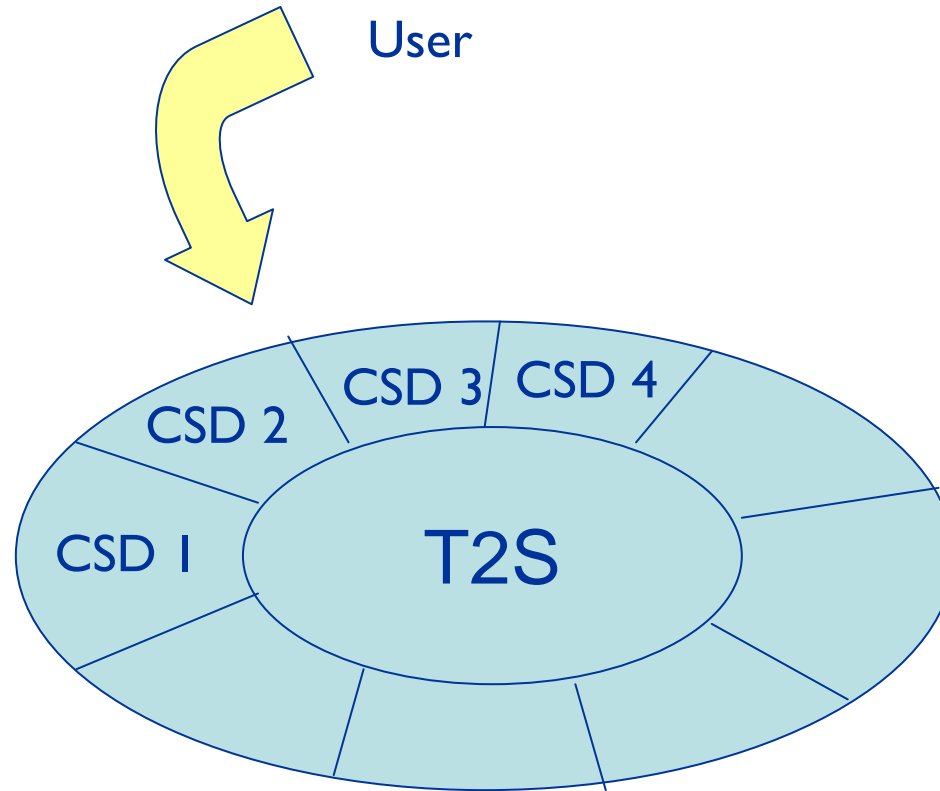
65 of the 67 proposals now agreed by AG



Sibos 2007 survey



Among 610 delegates, 69% support T2S



Through which CSD should I access T2S?

How would the Sibos stand of a CSD look like in 2013?

- Access T2S through CSD “X”
- Covering all European securities
- Direct connectivity for all users
- Make use of our value added services (e.g. securities lending; collateral management...)
- Settlement fees: T2S fee + only “x”cents
- Low custody fees
- Low fees for corporate action processing



THANK YOU

