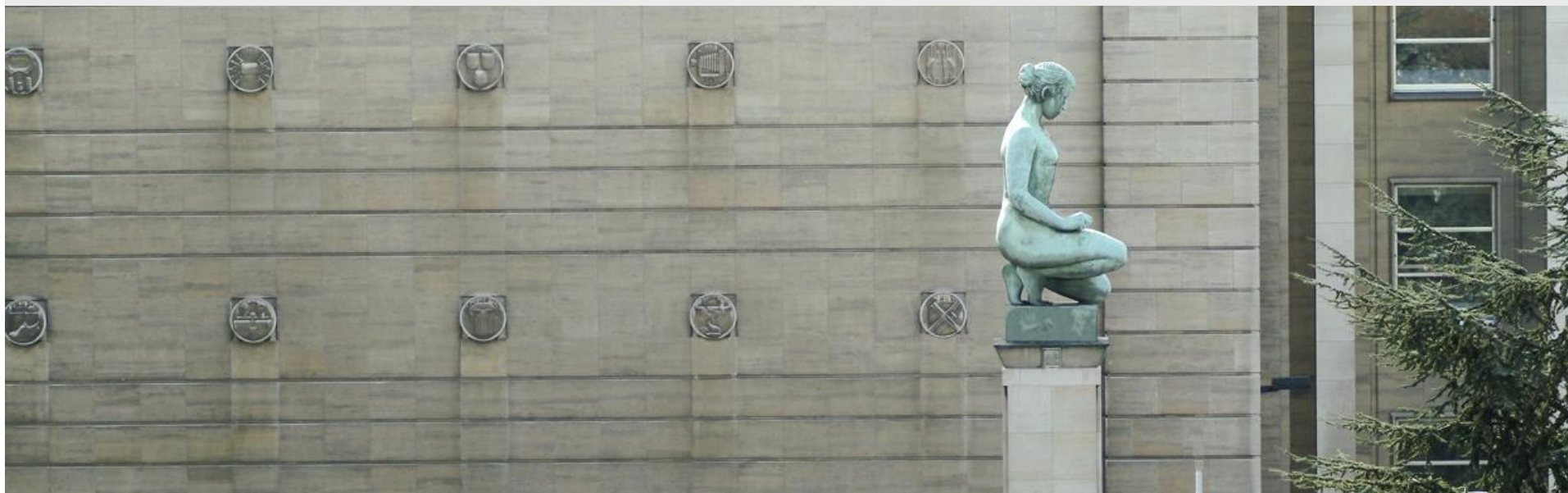


TARGET2-Securities: overview

Infosession on T2S auto-collateralisation

Patrick Van den Eynde
T2S BENUG Secretary



- ▶ to stimulate the integration of the securities post-trading infrastructure in Europe

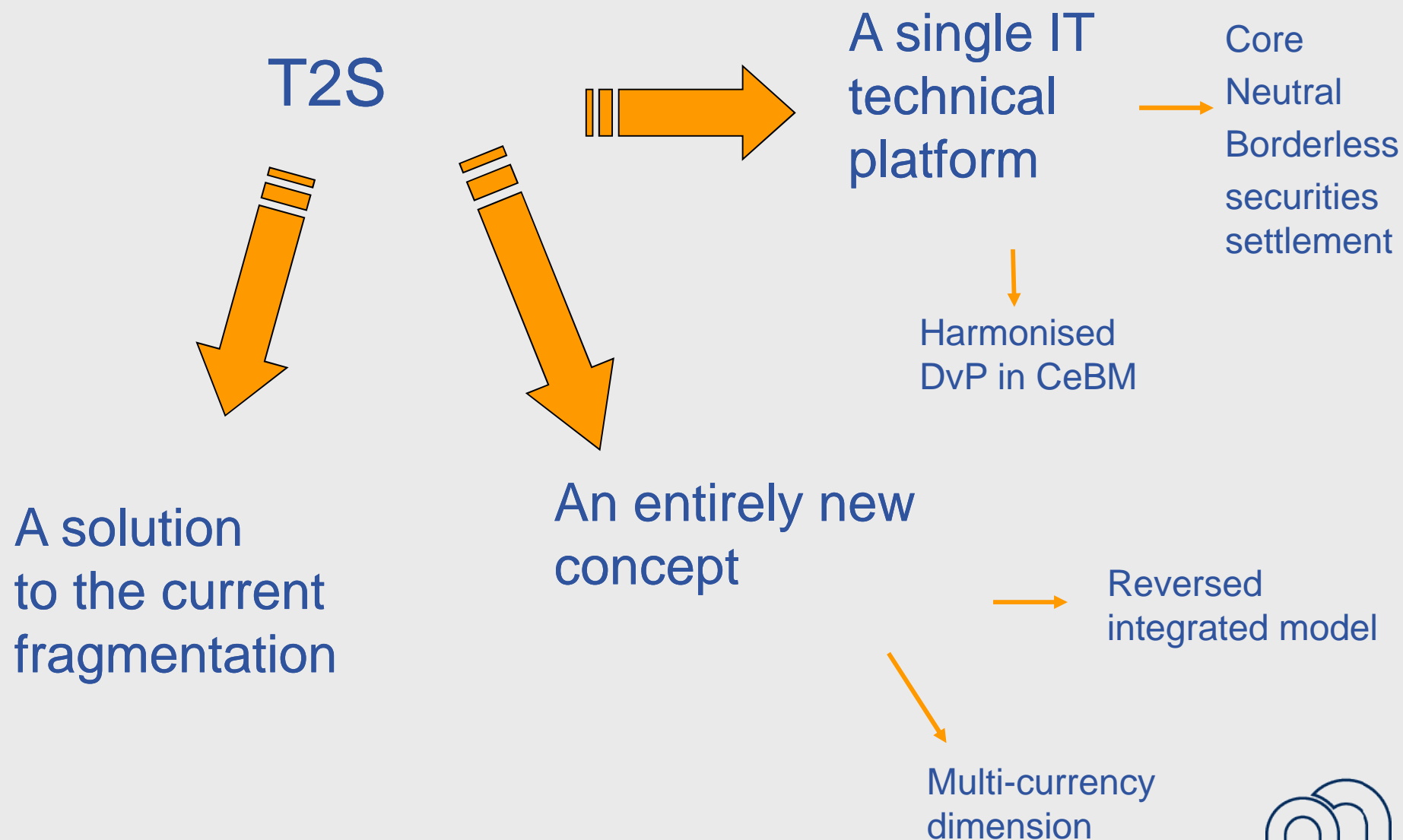


Aim of T2S is

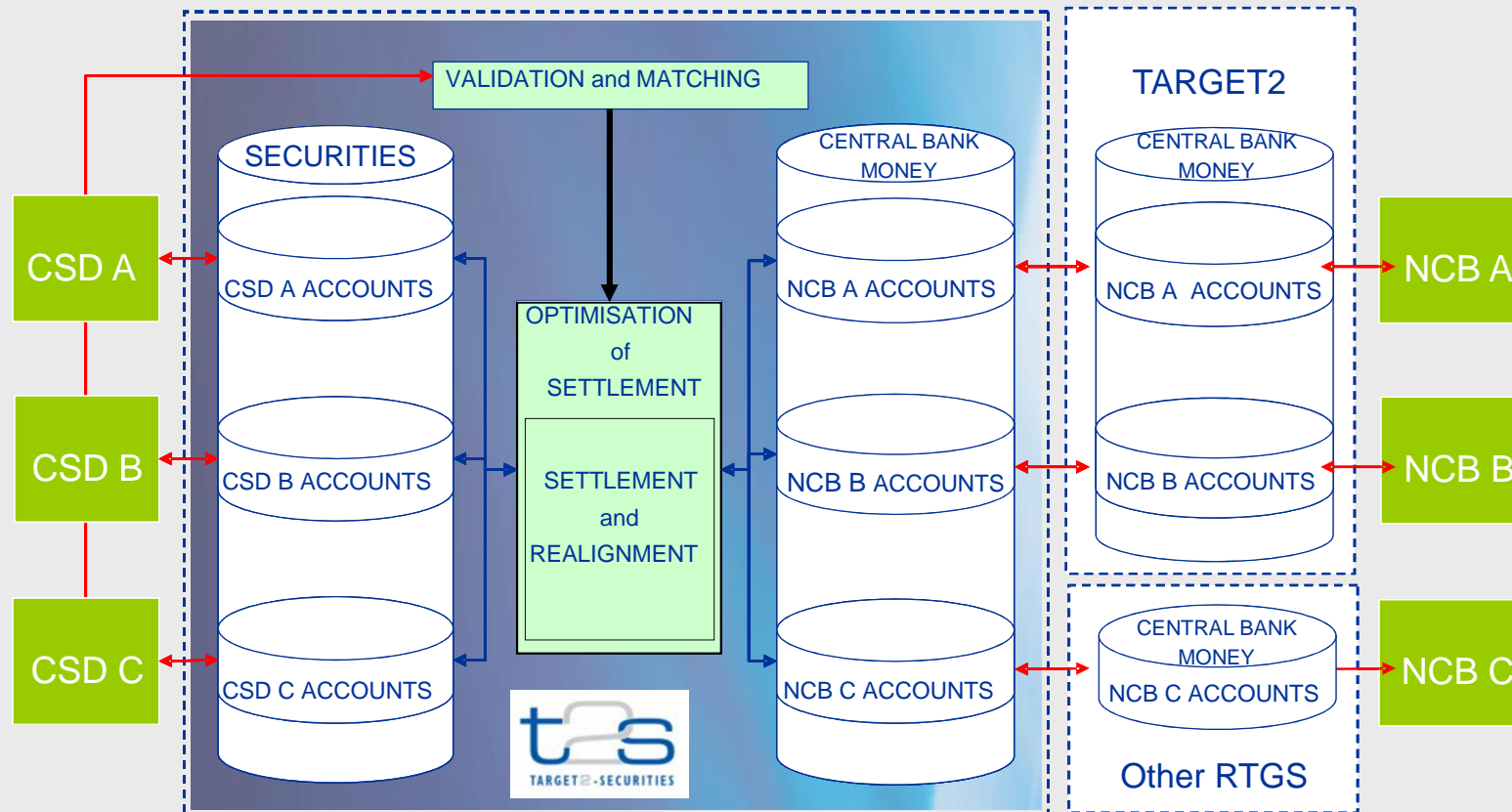
- ▶ to provide a single harmonised venue where almost all securities circulating in Europe can be settled with standardised communication protocols and harmonised market practices
- ▶ to lower the currently high costs of cross-border securities settlement and to bring a more general reduction in the total cost for settlement
- ▶ to foster financial stability by settling in Central Bank Money
- ▶ to offer a number of advanced and new facilities (optimisation functionalities like auto-collateralisation, prioritisation, partial settlement, ...)



What is T2S?



A single IT platform for DVP settlement in central bank money



T2S as a single Settlement platform

- ▶ CSDs participating in T2S will outsource their securities accounts to the single platform
- ▶ CSDs remain legal owner of these accounts and stay responsible for customer relations
- ▶ NCBs will create and hold Dedicated Cash Accounts (DCA) for their payment banks on the same technical platform
- ▶ settlement of Delivery-versus-Payment on T2S will take place by simultaneously adapting securities accounts and DCA



Expected results of T2S

- ▶ reduction of settlement costs
- ▶ banks can centralise back-office operations
- ▶ banks can optimise liquidity (one DCA for settlement in all T2S CSDs) and collateral management
- ▶ efficiency gains thanks to market practices harmonisation triggered by T2S (single settlement schedule, single calendar, single set of matching standards, common standards for corporate actions processing, ...)
- ▶ increased competition between CSDs and intermediaries



Broader perspective

- ▶ Europe will become a better place to invest
- ▶ issuers will benefit from a more diversified investor base
- ▶ securities markets will become more liquid and more attractive



T2S Governance

- ▶ owned by the Eurosystem and technically on the same platform as TARGET2
- ▶ is being developed on the foundations that have been laid by market participants (User Requirements Document)
- ▶ strategic decisions by ECB Governing Council
- ▶ conduct of the project by the T2S Programme Board
- ▶ development by 4CB
- ▶ user forums: T2S Advisory Group (CSDs, NCBs, future end users), National User Groups



T2S Contractual Relationship with CSDs

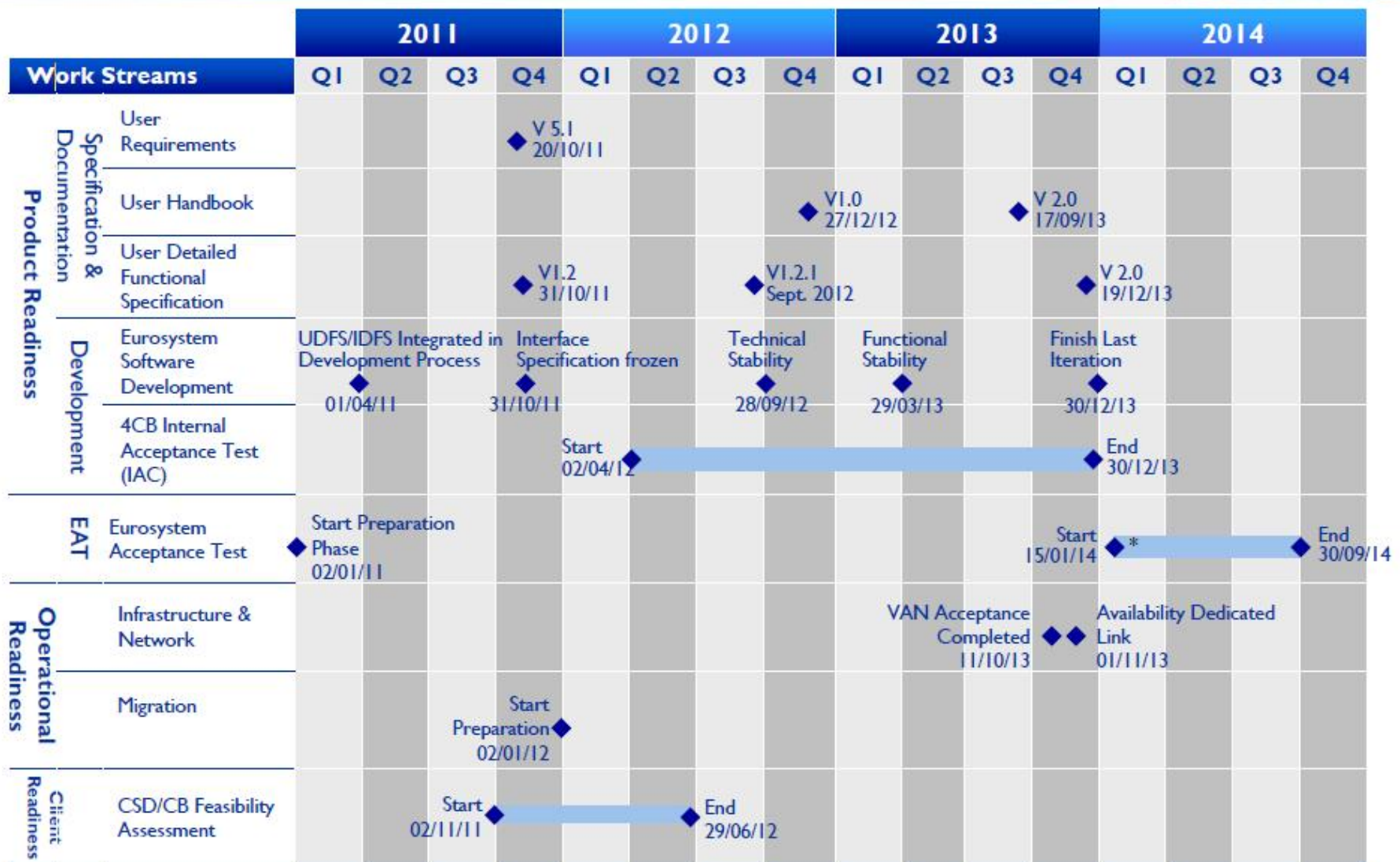
▶ CSDs that signed the Framework Agreement on 8 May:

- Bank of Greece Securities Settlement System - BOGS (Greece)
- Clearstream Banking AG (Germany)
- Depozitarul Central (Romania)
- Iberclear (Spain)
- LuxCSD S.A. (Luxembourg)
- Monte Titoli S.p.A. (Italy)
- National Bank of Belgium-Securities Settlement System – NBB-SSS (Belgium)
- VP LUX S.à.r.l. (Luxembourg)
- VP Securities A/S (Denmark)

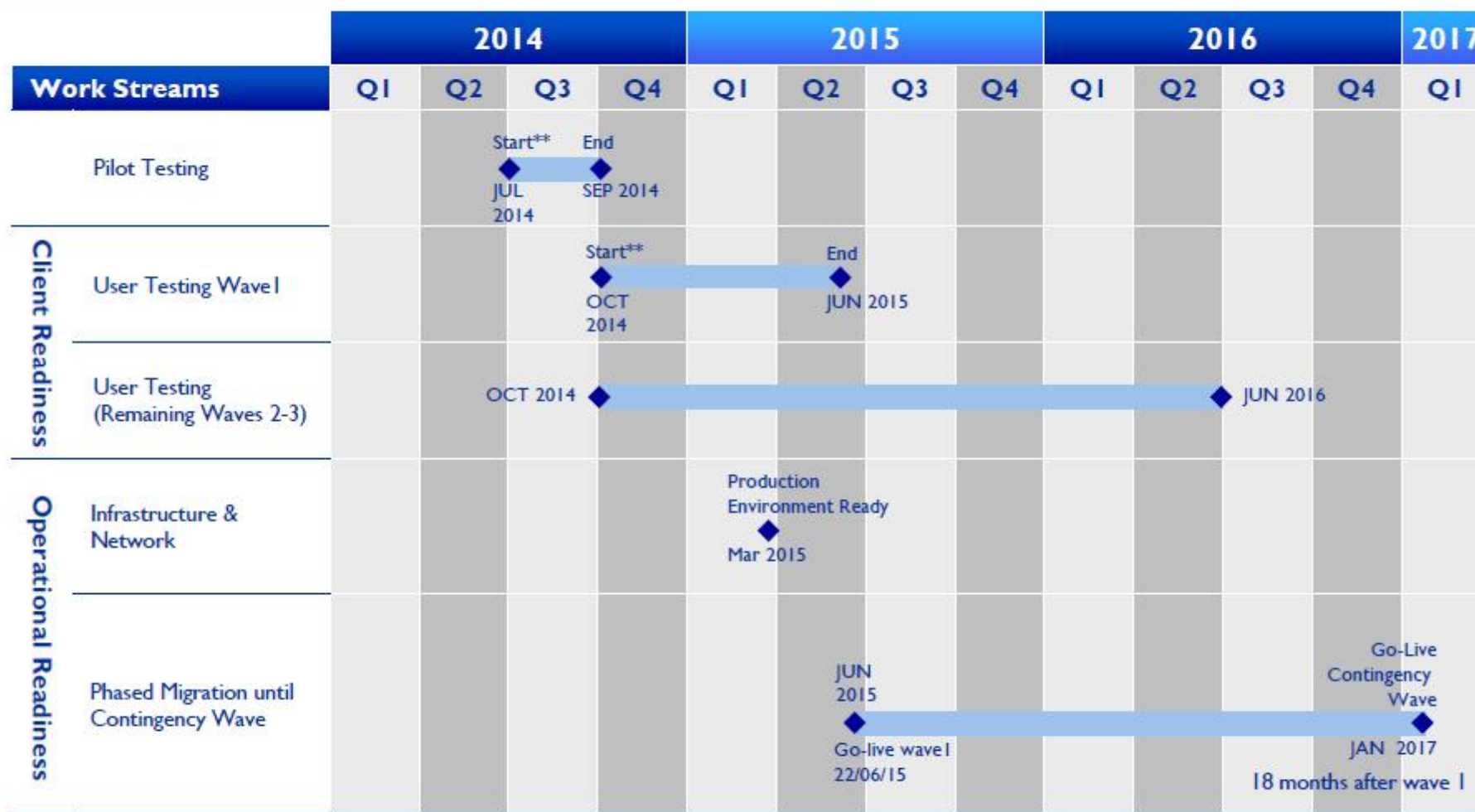
▶ non-euro NCBs are invited to sign the Currency Participation Agreement



T2S Executive Summary Plan



T2S Executive Summary Plan



Client Readiness Tracking Synchronisation Points 1

	2011				2012				2013				2014			
Synchronisation Points	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
SP1 - Start Feasibility Confirmed			20/12/11	◆												
SP2 - Feasibility Confirmation						10/08/12	◆									
SP3 - T2S Programme Plan Comprehensiveness							17/12/12	◆								
SP4 - Network Providers Confirmed												24/04/14	◆			
SP5 - Eurosystem ready for EAT											15/01/14	◆				
SP6 - Eurosystem Ready for User Testing													02/09/14	◆		
SP7 - Start Connectivity Test													07/07/14	◆		
SP8 - Start Bilateral Interoperability Testing														01/10/14	◆	



Further topics for today

- ▶ relationship T2S-T2
- ▶ T2S auto-collateralisation functionality

