



27 June 2007

**HELEX comments on Principles and Proposals set out by ECB for market consultation.**

Dear Mr Godeffroy

ECB has invited market participants to comment by 27/6/2007 on the proposals set out in the document "T2S Consultation Paper: General Principles and High Level Proposals". As HELEX believes that the principles form the basis for the proposals and, since there has been no previous open consultation and agreement on the principles, we have decided that it is crucial and beneficial to provide our feedback on both the principles and the proposals using the proposed template.

Furthermore, HELEX would like to express its concern on three specific issues:

- Requirements of direct holding systems: We strongly believe that the T2S account structure and end-investor account services have to be included in the core services and standard functionality of T2S. It should be designed in such a way to be sufficiently flexible to allow service provision on the same level as of today without imposing adverse cost effects in terms of communication, transaction and other related costs. This applies to all aspects of the design including for example volume requirements and performance targets. Additionally operating and maintaining of static data should be under the sole responsibility of the participating CSDs.

HELEX has committed 4 persons to the User Requirements Definition phase and focuses on providing T2S team with accurate and detailed information on the requirements of a direct holding system, like the one it operates.

- Direct Access: Direct user access to T2S is an issue considered by HELEX as of the utmost importance. It is related to business, technical and legal aspects and places into danger the role of the CSD. Even if we talk for a mere technical connectivity of the parties it raises questions of the legal status of such direct orders as any activity that is not directed through the CSD itself should not fall within its legal obligations for settlement and finality. Being a mere observer of orders creates legal risk for the CSD operation and we would be reluctant to allow such mode of operation for our participants.
- Legal and regulatory harmonization: In order for T2S to succeed its basic objective of providing efficient settlement services for securities transactions, it should opt for legal and regulatory harmonization across participating markets. Such a harmonization makes necessary the involvement of the relevant national capital market regulator in the early stages of the project, including the User Requirement Definition Phase.

Additionally, HELEX would like to draw your attention into some important aspects of the overall T2S structure that have not been addressed in a proper way so far. These issues include among others the overall T2S business case, the legal framework, the billing process, archiving issues.

Both HELEX representatives in the Technical Groups as well as myself remain at your disposal for any clarifications required.

Yours sincerely,

**Sokratis Lazaridis,**  
**General Manager, Clearing, Settlement and Registry services**