

Feedback to consultation paper

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| Document Title | T2S Consultation Paper: Principles and High Level Proposals |
| Document Reference | 070323_note_ConsultPrincipalsProposals_v0.98.doc |
| Issued for review | 26.04.2007 |
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| Proposal Nr. | Statement | Comment | Institution |
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| Please find below the responses from VP Securities Services to the 67 proposals. Concerning the 20 general principles refer to ECSDA's comments on behalf of the European CSDs, including VP | | | |
| 1 | I do not agree entirely | VP agrees to the general principle of the proposal, but it is not clear from the proposed codification structure whether there is a technical limit to the number of sub-accounts. There are more than 3,000,000 accounts registered in VP today. We expect that the final T2S account structure will allow us to offer our participants, at a minimum, our current level of functionality (e.g. single investor accounts) on non-discriminatory terms. We refer to Principle 5. | VP Securities Services |
| 2 | I agree | | VP Securities Services |
| 3 | I agree | | VP Securities Services |
| 4 | I agree | | VP Securities Services |
| 5 | I agree | | VP Securities Services |
| 6 | I agree | | VP Securities Services |
| 7 | I do not agree entirely | To ensure a level playing field, end-investor functionality should be core functionality of T2S. This applies to all aspects of the design, including volume requirements and performance targets. | VP Securities Services |
| 8 | I agree | | VP Securities Services |
| 9 | I agree | | VP Securities Services |
| 10 | I agree | | VP Securities Services |
| 11 | I do not agree entirely | It should be possible to register securities account balances (holdings) with a number of decimals (more than 2). | VP Securities Services |
| 12 | I do not agree entirely | There is a need to find a solution for maintenance of securities that are issued in more than one CSD (with same ISIN). | VP Securities Services |
| 13 | I agree | | VP Securities Services |
| 14 | I agree | | VP Securities Services |

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| 15 | I do not agree entirely | Each CSD is subject to public law on data protection, consumer protection and discretion, which will have to be taken into account on handling data in T2S as well | VP Securities Services |
| 16 | I agree | | VP Securities Services |
| 17 | I agree | | VP Securities Services |
| 18 | I agree | | VP Securities Services |
| 19 | I agree | | VP Securities Services |
| 20 | I do not agree entirely | <p>VP has a need for access to data 24/7 (except for the maintenance window).</p> <p>There is a need for different calendars for different currencies.</p> <p>Additionally, for the Danish market, there is a need for updating securities accounts and balances on non-TARGET days that are Danish business days (e.g. 1 May is a Danish business day by legislation).</p> <p>In order to ensure a level playing field and efficient cross-border settlement, non-euro zone CSDs will need access to cash liquidity for night settlements.</p> | VP Securities Services |
| 21 | I agree | | VP Securities Services |
| 22 | I agree | | VP Securities Services |
| 23 | I agree | | VP Securities Services |
| 24 | I agree | | VP Securities Services |
| 25 | I agree | | VP Securities Services |
| 26 | I agree | | VP Securities Services |
| 27 | I agree | | VP Securities Services |
| 28 | I agree | | VP Securities Services |
| 29 | I agree | | VP Securities Services |
| 30 | I agree | | VP Securities Services |
| 31 | I agree | | VP Securities Services |
| 32 | I agree | | VP Securities Services |
| 33 | I agree | | VP Securities Services |
| 34 | I agree | | VP Securities Services |
| 35 | I agree | | VP Securities Services |
| 36 | I agree | | VP Securities Services |
| 37 | I do not agree entirely | We are uncertain about the scope and content of this proposal and are therefore not currently able to provide specific comments. However, as regards Settlement Functionality in general we would like to emphasize that in order to ensure a level playing field and efficient cross-border settlement, non-euro zone CSDs will also need access to cash liquidity for night settlements. | VP Securities Services |
| 38 | I do not agree entirely | Due to Danish legislation, it is not possible to offer the same optimisation routine (technical netting) to all investors. | VP Securities Services |
| 39 | I agree | | VP Securities Services |

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| 40 | I agree | | VP Securities Services |
| 41 | I agree | | VP Securities Services |
| 42 | I do not agree entirely | Technical netting and settlement should be able to cater for drawn amounts. Please also note VP's comment to proposal 38. | VP Securities Services |
| 43 | I agree | | VP Securities Services |
| 44 | I do not agree entirely | VP recommends that there will be more than three (today, the Danish market has 5 cycles). | VP Securities Services |
| 45 | I agree | | VP Securities Services |
| 46 | I agree | | VP Securities Services |
| 47 | I do not agree entirely | VP's agrees to support shaping but do not agree to partial settlement. | VP Securities Services |
| 48 | I agree | | VP Securities Services |
| 49 | I agree | | VP Securities Services |
| 50 | I agree | | VP Securities Services |
| 51 | I agree | | VP Securities Services |
| 52 | I do not agree entirely | It will be necessary for T2S to offer a real-time push interface from T2S to CSDs. We refer to Principle 5. A real-time push interface from VP to VP's customers has been in place since 1996, and in order for VP to maintain the current service level, T2S should also support this to the CSDs. | VP Securities Services |
| 53 | I agree | | VP Securities Services |
| 54 | I agree | | VP Securities Services |
| 55 | I do not agree entirely | As legally liable for their securities accounts, holdings and Static data, CSDs must be able to control these also in case CSD's participants may access T2S directly. This is mainly relevant in case of opening and maintenance of securities accounts. | VP Securities Services |
| 56 | I do not agree entirely | As rights in securities according to Danish law is attached under a "time-stamp" principle, T2S has to ensure that no transactions processing and updating procedure for settlement or other purpose may hamper this | VP Securities Services |
| 57 | I do not agree entirely | VP has a need for real-time push messages whenever securities balances change or transactions change status. Additionally, multi-currency CSDs have a need for blocking and subsequently updating securities account balances at T2S when settling transactions in other currencies for euro denominated securities. | VP Securities Services |
| 58 | I agree | | VP Securities Services |
| 59 | I agree | | VP Securities Services |
| 60 | I do not agree entirely | VP can not comment on the feasibility study based on the information provided. | VP Securities Services |
| 61 | I agree | | VP Securities Services |
| 62 | I agree | | VP Securities Services |

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| 63 | I agree | | VP Securities Services |
| 64 | I agree | | VP Securities Services |
| 65 | I agree | | VP Securities Services |
| 66 | I do not agree entirely | VP can not see how cross-border functionality should be handled during the migration period (e.g. how to migrate the Euroclear Bank link to VP) | VP Securities Services |
| 67 | I agree | | VP Securities Services |

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| inciples we |
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