

Feedback to consultation paper

Document Title	T2S Consultation Paper: Principles and High Level Proposals
Document Reference	070323_note_ConsultPrincipalsProposals_v0.98.doc
Issued for review	26.04.2007
Deadline for review	27.06.2007

Proposal Nr.	Statement	Comment	Institution	Confidential
1	I do not agree entirely	<p>⇒ <u>Ownership</u>: ok;</p> <p>⇒ <u>Development & operation</u>: "undertaking" o.k. if understood as assuming responsibility, not o.k. if it means that T2S should actually be developed and operated by the Eurosystem itself.</p> <p>⇒ <u>Structure to be defined by the GC</u>:</p> <ul style="list-style-type: none"> ▪ the structure should already have been defined; ▪ the Eurosystem itself (not even being a legal entity) would not be a structure whose degree of organisation would allow IT-business to be efficiently and successfully conducted; ▪ the Eurosystem should set up a separate legal entity for the purpose of pursuing T2S as a business case; 	Bank Austria Creditanstalt AG, BAWAG P.S.K und Österreichische Postsparkasse AG, Erste Bank AG, Österreichische Volksbanken AG, Raiffeisen Zentralbank Österreich AG und Raiffeisenlandesbanken, Oesterreichische Kontrollbank AG	No
2	I completely disagree	<p>⇒ <u>Target2 as platform for T2S</u>:</p> <ul style="list-style-type: none"> ▪ to identify the platform best suited for T2S a proper analysis must be conducted; ▪ in the absence of such an analysis no decision regarding the platform may be made as there is no sufficient evidence that Target2 would be the best suited platform; <p>⇒ <u>4 NCBs ready to develop & operate T2S</u>:</p> <ul style="list-style-type: none"> ▪ the IT providers best suited for the development and/or operation of T2S can only be identified by conducting two separate tender offer processes (one for the development, one for operation); ▪ in the absence of results of such tender offer-processes <ul style="list-style-type: none"> ♦ there is neither sufficient evidence that the 4 NCBs are the best suited IT providers ♦ nor sufficient evidence for any other IT provider to be the best suited provider and to be appointed by the Eurosystem ♦ the members of the Eurosystem would be prohibited by public procurement regulation from appointing anyone to provide IT services. 	Bank Austria Creditanstalt AG, BAWAG P.S.K und Österreichische Postsparkasse AG, Erste Bank AG, Österreichische Volksbanken AG, Raiffeisen Zentralbank Österreich AG und Raiffeisenlandesbanken, Oesterreichische Kontrollbank AG	No

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3	I agree		Bank Austria Creditanstalt AG, BAWAG P.S.K und Österreichische Postsparkasse AG, Erste Bank AG, Österreichische Volksbanken AG, Raiffeisen Zentralbank Österreich AG und Raiffeisenlandesbanken, Oesterreichische Kontrollbank AG	No
4	I agree	⇒ This follows unavoidably from principle 3 (T2S is only an IT settlement system)	Bank Austria Creditanstalt AG, BAWAG P.S.K und Österreichische Postsparkasse AG, Erste Bank AG, Österreichische Volksbanken AG, Raiffeisen Zentralbank Österreich AG und Raiffeisenlandesbanken, Oesterreichische Kontrollbank AG	No
5	I agree		Bank Austria Creditanstalt AG, BAWAG P.S.K und Österreichische Postsparkasse AG, Erste Bank AG, Österreichische Volksbanken AG, Raiffeisen Zentralbank Österreich AG und Raiffeisenlandesbanken, Oesterreichische Kontrollbank AG	No
6	I completely disagree	<p>⇒ T2S should be equipped with a functionality that allows the CSDs to use T2S for processing the records having legal effect on the securities account balances.</p> <p>⇒ However, this principle should not create a duty for the CSDs to actually use T2S for this purpose as</p> <ul style="list-style-type: none"> ▪ local legal restrictions may prohibit a CSD to use T2S for this purpose; ▪ other operational procedures might serve the participants of a CSD better than to use T2S for this purpose. 	Bank Austria Creditanstalt AG, BAWAG P.S.K und Österreichische Postsparkasse AG, Erste Bank AG, Österreichische Volksbanken AG, Raiffeisen Zentralbank Österreich AG und Raiffeisenlandesbanken, Oesterreichische Kontrollbank AG	No
7	I agree		Bank Austria Creditanstalt AG, BAWAG P.S.K und Österreichische Postsparkasse AG, Erste Bank AG, Österreichische Volksbanken AG, Raiffeisen Zentralbank Österreich AG und Raiffeisenlandesbanken, Oesterreichische Kontrollbank AG	No
8	I agree		Bank Austria Creditanstalt AG, BAWAG P.S.K und Österreichische Postsparkasse AG, Erste Bank AG, Österreichische Volksbanken AG, Raiffeisen Zentralbank Österreich AG und Raiffeisenlandesbanken, Oesterreichische Kontrollbank AG	No
9	I agree		Bank Austria Creditanstalt AG, BAWAG P.S.K und Österreichische Postsparkasse AG, Erste Bank AG, Österreichische Volksbanken AG, Raiffeisen Zentralbank Österreich AG und Raiffeisenlandesbanken, Oesterreichische Kontrollbank AG	No

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11	I agree	<p>⇒ <u>"Direct technical access" as technical feature</u></p> <ul style="list-style-type: none"> ▪ T2S should be equipped with technical interfaces (such as SWIFT and online web clients) that allow the CSDs to make these available directly to their participants; ▪ This should have the effect that all the CSDs using T2S offer the same kind of settlement interfaces to their participants. ▪ This should result in a situation where banks can access all CSDs (that use T2S) where they hold accounts via one technical interface <p>⇒ <u>However, this principle should not create a contractual duty for the CSD to make the standard T2S interfaces available to their participants as</u></p> <ul style="list-style-type: none"> ▪ local legal restrictions may prohibit a CSD to do so; ▪ other interfaces offered by the CSD might serve the participants of a CSD better than the standard T2S interfaces. 	Bank Austria Creditanstalt AG, BAWAG P.S.K und Österreichische Postsparkasse AG, Erste Bank AG, Österreichische Volksbanken AG, Raiffeisen Zentralbank Österreich AG und Raiffeisenlandesbanken, Oesterreichische Kontrollbank AG	No
12	I completely disagree	<p>⇒ <u>Principle 12 should be extended to guarantee non participating CSDs equal treatment regarding access to TARGET2Cash</u></p> <ul style="list-style-type: none"> ▪ Equal treatment regarding technical access: <ul style="list-style-type: none"> ♦ As a monopoly regarding EURO central bank money the Eurosystem has to provide TARGET2Cash with a fully documented open interface to which IT tools used by CSDs for settlement purposes may connect. ♦ This open interface has to be the sole interface to which IT tools used by CSDs for settlement purposes may connect, regardless of whether the CSD uses T2S or any other IT tool. ▪ Equal treatment regarding TARGET2Cash prices: <ul style="list-style-type: none"> ♦ The prices NCBs (the Eurosystem) will charge to CSDs (their participants) for cash settlement effected on TARGET2Cash may not depend on the IT tool a CSD uses to technically access TARGET2Cash (the CSDs/their participants will be charged a price irrelevant of whether the CSD uses T2S or another IT tool to access TARGET2Cash). ♦ In this respect CSDs (their participants) who chose to use T2S should be charged separately for the securities leg (the CSDs paying for an IT service) and the cash leg (the CSDs/their participants paying for actual cash settlement in TARGET2Cash). 	Bank Austria Creditanstalt AG, BAWAG P.S.K und Österreichische Postsparkasse AG, Erste Bank AG, Österreichische Volksbanken AG, Raiffeisen Zentralbank Österreich AG und Raiffeisenlandesbanken, Oesterreichische Kontrollbank AG	No

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14	I do not agree entirely	The reference made to the TARGET2Cash pricing basis indicates that regarding the price CSDs will not have equal access conditions as TARGET2Cash prices will be based on a steep degression depending on the number of transactions. This would result in higher pices for CSDs (and their participants) in smaller markets which would not be acceptable.	Bank Austria Creditanstalt AG, BAWAG P.S.K und Österreichische Postsparkasse AG, Erste Bank AG, Österreichische Volksbanken AG, Raiffeisen Zentralbank Österreich AG und Raiffeisenlandesbanken, Oesterreichische Kontrollbank AG	No
15	I agree		Bank Austria Creditanstalt AG, BAWAG P.S.K und Österreichische Postsparkasse AG, Erste Bank AG, Österreichische Volksbanken AG, Raiffeisen Zentralbank Österreich AG und Raiffeisenlandesbanken, Oesterreichische Kontrollbank AG	No
16	I agree		Bank Austria Creditanstalt AG, BAWAG P.S.K und Österreichische Postsparkasse AG, Erste Bank AG, Österreichische Volksbanken AG, Raiffeisen Zentralbank Österreich AG und Raiffeisenlandesbanken, Oesterreichische Kontrollbank AG	No
17	I agree		Bank Austria Creditanstalt AG, BAWAG P.S.K und Österreichische Postsparkasse AG, Erste Bank AG, Österreichische Volksbanken AG, Raiffeisen Zentralbank Österreich AG und Raiffeisenlandesbanken, Oesterreichische Kontrollbank AG	No
18	I completely disagree	⇒ <u>Cost-recovery basis:</u> <ul style="list-style-type: none"> ▪ The contractual IT operations agreements between the Eurosystem and the CSDs will have to be based on fixed prices which may not be changed unilaterally by the Eurosystem ▪ In this respect it will always be impossible for the Eurosystem to calibrate earnings to exactly match the costs. It is rather to be expected that earnings will <ul style="list-style-type: none"> ♦ either exceed the costs ♦ or not cover the costs. 	Bank Austria Creditanstalt AG, BAWAG P.S.K und Österreichische Postsparkasse AG, Erste Bank AG, Österreichische Volksbanken AG, Raiffeisen Zentralbank Österreich AG und Raiffeisenlandesbanken, Oesterreichische Kontrollbank AG	No
19	I agree		Bank Austria Creditanstalt AG, BAWAG P.S.K und Österreichische Postsparkasse AG, Erste Bank AG, Österreichische Volksbanken AG, Raiffeisen Zentralbank Österreich AG und Raiffeisenlandesbanken, Oesterreichische Kontrollbank AG	No

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