



EUROPEAN CENTRAL BANK

EUROSYSTEM

Third T2S Harmonisation Progress Report

T2S Advisory Group
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harmonisation



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Abbreviations

Countries (covered in the report)

AT Austria	HU Hungary
BE Belgium	IT Italy
CH Switzerland	LT Lithuania
DE Germany	LU Luxembourg
DK Denmark	MT Malta
EE Estonia	NL Netherlands
ES Spain	PT Portugal
FI Finland	RO Romania
FR France	SI Slovenia
GR Greece	SK Slovakia

Others

AG	T2S Advisory Group
BSG	Broad Stakeholders Group
CAJWG	Corporate Actions Joint Working Group
CASG	(T2S) Corporate Actions Sub-group
CPSS	Committee on Payment and Settlement Systems
CSD	central securities depository
CSG	(T2S) CSD Steering Group
CSDR	CSD Regulation
DCA	Dedicated cash account (in T2S)
ECSDA	European Central Securities Depositories Association
E-MIG	European Market Implementation Group
EPTG	European Post Trade Group
ESCB	European System of Central Banks
ESMA	European Securities and Markets Authority
FISCO	Clearing and Settlement Fiscal Compliance expert group
HSG	(T2S) Harmonisation Steering Group
IOSCO	Technical Committee of the International Organization of Securities Commissions
NUG	(T2S) National User Group
PSSC	Payment and Settlement Systems Committee
SLL	securities law legislation
SP	Synchronisation Point
SSS	securities settlement system
SFD	Settlement Finality Directive
T-BAG	Tax Barriers Business Advisory Group
TFAX	Task Force on adaptation to cross-CSD settlement in T2S
T2S team	refers to the T2S team at the ECB
UDFS	T2S User Detailed Functional Specifications (v.1.21, 07/09/2012)
URD	T2S User Requirements Document (v.5.02, 07/09/2012)



1 Executive summary

The T2S harmonisation progress reports represent the key publications on the harmonisation work conducted in the context of the T2S project. The T2S Community, the Governing Council of the ECB and EU public authorities share the view that post-trade harmonisation, as part of the EU financial integration process, is a key objective of T2S. The idea underpinning this view is that financial market integration needs to be complemented and supported by the integration of the underlying infrastructure. The creation of T2S constitutes the Eurosystem's most fundamental contribution to market infrastructure integration, and it is widely recognised that the technical harmonisation fostered by T2S, coupled with the legal and regulatory harmonisation agenda currently pursued by EU legislators, is a key ingredient for the creation of a single market for settlement services in Europe.

The harmonisation progress reports are published by the T2S Advisory Group (AG). Work is coordinated by the T2S team with the help and guidance of the T2S Harmonisation Steering Group (HSG), a dedicated substructure of the AG set up in 2011.¹

The first two reports (issued in July 2011 and January 2012) concentrated on identifying the T2S-relevant harmonisation issues and the actors whose action is required to resolve those issues. Based on the findings of the first two reports, the third progress report focuses on monitoring the compliance of T2S markets with the post-trade standards that have been defined and endorsed by the T2S Community and the other relevant authorities so far. It is also worth noting that, following the signing of the T2S Framework Agreement and the T2S Currency Participation Agreement by CSDs and national central banks respectively, only the markets that have signed up for T2S are now involved and considered in T2S harmonisation activities.

The most important findings of the report are the following.

- There has been considerable progress with regard to the endorsed definition of harmonisation standards, i.e. 15 out of a total of 26 activities standards are defined up to now, and 68% of the issues that are marked as first priorities (compared to 50% in the second report).
- Considerable progress can also be reported with regard to the harmonisation activities that are currently monitored by the AG, i.e. ten out of the total 26 harmonisation activities identified up to now, and 42% of the issues that are marked as first priorities (compared to 21% in the second report).²
- All T2S markets (comprising 22 CSDs) are now fully monitored to assess their compliance status with the harmonisation standards. There are well-established and agreed monitoring frameworks, deadlines and responsible actors for further action in these markets.

These findings represent a significant improvement compared with previous years, when despite the widespread agreement on the need for harmonisation among all relevant actors, it proved extremely difficult to achieve concrete commitments and to establish detailed and transparent measures. Conversely, there are now well-defined monitoring tools based on a "traffic light" approach, the results of which are annexed to this report (Annex 4).

Despite the very good progress made, there are still significant steps ahead to remove the remaining technical and regulatory barriers and ultimately achieve a truly open and efficient cross-border settlement environment in the EU and in T2S. First, the elimination of a number of post-trade harmonisation barriers is dependent on the progress in the current EU legislative initiatives in the field, in particular on the finalisation and adoption of the CSD Regulation (CSDR) and the

¹ Read more about the AG and the HSG at <http://www.ecb.europa.eu/paym/t2s/governance/ag/html/index.en.html> and <http://www.ecb.europa.eu/paym/t2s/governance/ag/html/hsg/index.en.html>

² For the full list of activities please refer to the Introduction.

securities law legislation (SLL), and on the clarification on how the possible financial transaction tax will be implemented in some EU countries. As stated in the ECB opinion on the CSDR dated 1 August 2012³ and the AG letter to the European Commission dated 13 July 2011⁴, the Governing Council of the ECB and the AG fully support a timely implementation of the CSDR and the related technical standards prior to the launch of T2S in 2015. The CSDR is expected to contribute to the removal of several key barriers, for example by harmonising the settlement period to T+2, introducing a single settlement discipline regime, solving the legal issues on CSDs' outsourcing to public entities, and establishing market access rules and free choice regarding the place of issuance.

Second, another necessary step is to encourage increased cooperation between public and private entities as far as national regulation and legislation are concerned. Today, the implementation status of some of the EU or T2S harmonisation standards is suboptimal owing to outdated regulatory and/or legal frameworks at the national level (e.g. concerning night-time settlement, the record date for corporate actions, etc.). It is crucial that national public authorities, market infrastructures and market participants work together to adapt to the new harmonised standards, thus overcoming the current market fragmentation and promoting the idea of a single financial market for Europe. The new T2S infrastructure and its harmonisation agenda play a key role in this respect.

Summary of results

Important results are presented in the report with reference to the ten harmonisation activities that were monitored in the context of the third progress report (see Annex 3).

First, a high degree of harmonisation emerged in two areas: the implementation process of the T2S ISO 20022 messages and the availability of omnibus accounts at issuer CSDs for foreign participants and investor CSDs. All T2S markets either are already compliant or have clear plans to achieve compliance before the launch of T2S, with no major barriers envisaged.

Second, very good progress has been identified in the following areas:

- adaptation to a single list of T2S matching fields;
- adaptation to the T2S opening days and timetable;
- settlement finality aspects connected to the irrevocability of transfer orders and irrevocability of transfers in T2S;
- less restrictions in the use of omnibus accounts in the T2S markets;
- adoption of EU market practice as regards the identification of securities amount data in settlement instructions.

In 2013 the AG will further intensify its efforts to improve compliance with the agreed standards in the relevant T2S markets. Regulatory, legal and market practice barriers have been clearly identified in the non-compliant T2S markets.

Finally, compared with the second progress report, marginal progress can be reported in two topics from the T2S harmonisation list, namely in the compliance with T2S corporate action standards and with corporate action market standards (as defined by the CAJWG). Although in both areas there are already agreed and endorsed standards as well as a clear monitoring framework in place, regulatory and legal barriers in national markets may still impede national compliance and implementation.

³ Available at http://www.ecb.int/ecb/legal/pdf/c_31020121013en00120031.pdf

⁴ Available at <http://www.ecb.europa.eu/paym/t2s/progress/pdf/ag/mtg14/item-8-2-ag-chairman-finalletter-to-dg-market.pdf?92fc>



Way forward

Regarding the way forward for fostering progress in the T2S agenda, work will intensify as the T2S testing and migration phases approach (to start in October 2014 and June 2015 respectively). In particular, the AG is planning the following actions during 2013.

- Monitoring will expand to the areas where standards have recently been defined, namely T2S securities and cash account numbering and best practices for interaction with T2S regarding registration procedures, tax information requirements and CSD ancillary services. Furthermore, it might be possible to start monitoring several new areas that are dependent on the CSDR, if the latter is adopted as scheduled in 2013. As usual, a survey will be conducted to assess the compliance of T2S markets with the T2S standards for the management of corporate actions on flows (planned for the second quarter of 2013).
- The HSG will work to prepare the Fourth T2S Harmonisation Progress Report, which will concentrate on monitoring the compliance of T2S markets with new standards and best practices defined by the T2S Community (planned for publication in early 2014).
- T2S will continue to contribute to the work of the European Post Trade Group (EPTG)⁵, established in 2012 as a joint initiative between the European Commission, the ECB, the European Securities and Markets Authority (ESMA), the Association for Financial Markets in Europe (AFME) and industry representatives. The HSG will ensure that a number of T2S-related issues which require wider attention outside T2S will be assessed in this forum.

The T2S Board⁶ regularly monitors the progress of the T2S harmonisation work stream. The ultimate goal for the AG is for all T2S markets to achieve full compliance with the priority 1 harmonisation activity standards as of start of testing and/or respective migration wave date.

Key findings of the Third T2S Harmonisation Progress Report

There has been good progress in terms of establishing harmonisation standards and monitoring processes in T2S markets since the second harmonisation progress report. Awareness and understanding of the relevant standards and methodologies has also improved within the T2S Community.

However, further and intensive work is required in the following two key areas in the course of 2013:

- progress and adoption of the relevant EU legislative initiatives (CSDR, SLL, clarification on the financial transaction tax);
- closer involvement of national authorities in removing regulatory and legal barriers.

⁵ For more information on the EPTG, please refer to the European Commission's website at http://ec.europa.eu/internal_market/financial-markets/clearing/eptg_en.htm

⁶ For more information on the T2S Board, see http://www.ecb.europa.eu/paym/t2s/governance/prog_board/html/index_en.html

2 Introduction

The Third T2S Harmonisation Progress Report has been prepared by the HSG in line with its mandate. The HSG delivers a T2S harmonisation progress report to the AG on an annual or semi-annual basis, as required. The report is also delivered to the T2S Board, which presents some key results to the Governing Council of the ECB.

The first two reports, published in July 2011 and January 2012, focused primarily on fact-finding and definition activities, i.e. on identifying which post-trade harmonisation issues are relevant for T2S and how they should be prioritised in view of the T2S launch and markets' migration to T2S. The definition process, although in itself a dynamic activity, is now largely stabilised.

Hence, the main purpose of the third report is to monitor progress of T2S markets' compliance with the harmonisation standards that have already been agreed. During 2012 the T2S harmonisation work stream was based on the following approach for measuring this progress: first, monitoring only those harmonisation activities that could reasonably be measured and for which there was an endorsed standard; and second, using a transparent monitoring tool for presenting the status of compliance for each T2S market.

In this report, the HSG summarises the results of the monitoring of the T2S markets' compliance as far as ten harmonisation activities are concerned (out of a total of 26 activities). Eight of the ten monitored activities are considered to be "priority 1" topics, i.e. they are among the harmonisation activities considered by the AG necessary to ensure the successful launch of T2S. 42% of the total priority 1 issues are now being monitored with concrete processes, actors and dates. In the second progress report, only five activities (3 of which were priority 1) were monitored by the HSG out of a total of 23.

Despite the considerable progress made since the previous reports, numerous activities cannot yet be monitored as they are dependent on the completion of the definition process in important post-trade issues. The ongoing initiatives in and outside T2S affect the completion of the standards definition process, e.g. the work of the CSD Coordination Group (CSG) and the EU legislative initiatives (the CSDR and SLL). In particular, the timely adoption of the CSDR and its impact on T2S were raised by the AG in its letter to the European Commission on 13 July 2011⁷ as well as the ECB opinion on the CSDR dated 1 August 2012⁸.

Unless a standard/rule/market practice is defined and endorsed by the relevant actors, monitoring its implementation is de facto not possible. As an example, the AG cannot monitor and report on whether the regulatory environments of T2S markets are in line with the EU's harmonised settlement period (T+2) or the single settlement discipline regime until the CSDR is implemented and the subsequent adoption process of ESMA's technical standards is complete.⁹

Following the signing of the T2S Framework Agreement with CSDs, this report exclusively covers T2S markets, i.e. markets where at least one CSD has signed the Framework Agreement. The compliance status is presented by market (rather than by CSD), given that compliance often depends on the national market practice, specificity or even regulation/legislation rather than the CSD's business model.

⁷ <http://www.ecb.europa.eu/paym/t2s/progress/pdf/ag/mtg14/item-8-2-ag-chairman-finalletter-to-dg-market.pdf?92fc5915d8d452c4633a383c8fc96522>

⁸ http://www.ecb.int/ecb/legal/pdf/c_31020121013en00120031.pdf

⁹ Regulation (EU) No 236/2012 of the European Parliament and of the Council on short selling provides rules on buy-in for cleared shares (see Art. 15), which can be considered to cover part of what is defined as the settlement discipline regime (the buying-in rules). The CSDR will complete the scope as regards instruments covered and preventive/disciplinary measures.



In terms of overall compliance status, the picture varies significantly across activities and across markets. In terms of activities, some standards are easier to implement than others and compliance is therefore more advanced (for instance, securities amount data standards vs. corporate actions standards). Similarly, some markets have made more progress than others in terms of compliance with standards or concrete plans for implementation and compliance (as shown in Annex 4). In terms of national market status assessment, the AG took into account that, as the T2S testing phase draws closer, lack of progress in terms of harmonisation entails a greater risk of suboptimal T2S adaptation for the national market in question.

The role of national authorities in assisting their markets to comply with the agreed standards is of paramount importance. Although the need for legal and regulatory changes has been reported as the main barrier to harmonisation, very often non-compliance is in fact due to a lack of willingness by national markets to move away from the current status quo.

T2S harmonisation list

The report addresses in detail a total of 26 activities, which are currently managed by the T2S team under the guidance of the HSG and the endorsement of the AG. They are based on AG agreements, HSG proposals, the work of AG substructures and analysis conducted by the T2S team. Some activities are grouped under broader areas, for instance T2S messages and legal harmonisation. The report provides the following information for each harmonisation activity:

- a short definition of the activity;
- the concrete objective of the activity;
- the responsible monitoring actor(s);
- the implementation deadline;
- the monitoring process required, including interim deadlines prior to the implementation deadline.

A concise overview of all these elements is also provided in Annex 2 (T2S harmonisation list).

Priority 1 activities

Priority 1 activities are considered by the AG to be necessary to ensure the successful launch of T2S. The HSG and the T2S team should, in principle, focus on the following activities as first priorities:

1. T2S ISO 20022 messages;
2. T2S matching fields;
3. interaction with T2S (registration procedures);
4. interaction with T2S (tax info requirements);
5. interaction with T2S (CSD ancillary services);
6. T2S schedule of the settlement day and calendar;
7. T2S corporate actions standards;
8. Settlement Finality I (moment of entry);
9. Settlement Finality II (irrevocability of transfer order);
10. Settlement Finality III (irrevocability of securities transfer);
11. location of accounts/conflict of law;
12. IT outsourcing;
13. settlement discipline regime;
14. settlement cycles;
15. availability of omnibus accounts;
16. restrictions on omnibus accounts;
17. registration procedures;
18. cash account numbers;
19. securities accounts numbers.

Priority 2 activities

Priority 2 activities are important harmonisation activities that are beneficial for the competition environment and efficiency of T2S but, strictly speaking, not necessary for the T2S launch. In most cases, the AG, with the help of the HSG and the T2S team, should only monitor progress in these activities at this stage.

Even for activities classified as Priority 2, the AG/HSG/T2S team have an interest in maintaining regular contact with the relevant actors, since these activities might bring substantial benefits to T2S operations in terms of the level playing field and competition conditions in cross-border settlement.

These activities are:

20. corporate actions market standards;
21. place of issuance;
22. withholding tax procedures;
23. settlement related tax procedures;
24. cross-border shareholder transparency;
25. market access and interoperability;
26. securities amount data.

The report is structured as follows:

- Section 3 provides updated information on priority 1 harmonisation activities;
- Section 4 provides updated information on priority 2 harmonisation activities;
- Annex 1 describes the methodology used for compiling the T2S harmonisation list, the dashboard and the T2S markets' compliance table;
- Annex 2 is the T2S harmonisation list v.3.1, i.e. the key HSG harmonisation reference tool as well as a deliverable for all AG meetings;
- Annex 3 is a dashboard with an overview of the status of each T2S harmonisation activity;
- Annex 4 is a table summarising the implementation status in all T2S markets for the ten harmonisation standards monitored during the third report;
- Annex 5 reports the detailed results of the monitoring exercise broken down by T2S market.



3 T2S harmonisation activities – priority 1

T2S messages

3.1 T2S ISO 20022 messages

Activity description

The objective of this activity is to monitor the development and implementation of the T2S ISO 20022 messages. The AG (via the T2S Sub-group on Message Standardisation¹⁰) and the 4CB are the main actors in this activity.

Activity status

T2S ISO messages are part of the technical specifications/requirements for the T2S actors' interaction with the T2S services. T2S actors that do not comply with T2S ISO messages will not be able to participate in T2S testing. The full catalogue of ISO 20022 compliant messages for T2S (130 messages in total) is now part of UDFS v.1.2.1. Most of these messages will be ISO 20022 registered (after Eurosystem acceptance testing).

T2S markets' compliance status

In March 2012 the AG agreed that information included in the CSDs' feasibility assessments (SP2 and SP3¹¹) should be used for monitoring markets'/CSDs' implementation of the T2S ISO 20022 messages. All T2S markets have provided their plans as to how to implement the T2S ISO 20022 messages. No operational or regulatory barriers have been reported so far.

Blue	None
Green	AT, BE (Euroclear), BE (NBB-SSS), CH, DE, DK, EE, ES, FI, FR, GR (BOGS), HU, IT, LT, LU (LuxCSD), LU (VP LUX), NL, PT, RO, SI, SK
Yellow	MT
Red	None

Information input: SP2 and bilateral discussions.

For details on the compliance status colour methodology, please refer to Annex 1.
For detailed explanations per T2S market, please refer to Annex 5.

Monitoring

Implementation date	SP 8: 01/10/2014, start of bilateral interoperability testing ¹²
Monitoring actors	T2S team, NUGs
Monitoring process	<p><i>SP2: 10/08/2012, feasibility confirmation by CSDs and national central banks</i></p> <p>Compliance was monitored by the T2S team as part of the CSD/central bank feasibility assessment process (SP2).</p> <p><i>SP3: Q2 2013, T2S Programme Plan comprehensiveness</i></p> <p>The objective of this checkpoint is to verify that each T2S client has conducted an internal impact assessment for their own project plan (including harmonisation standards).</p> <p><i>Other relevant dates</i></p> <p>Based on the CSDs' detailed adaptation plans, there will be specific checkpoints between SP2 and SP8.</p> <p>The T2S NUGs should assist the T2S team in monitoring compliance and coordinating the overall interaction with the relevant national markets.</p>

¹⁰ For more information on the T2S Sub-group on Message Standardisation, please visit <http://www.ecb.europa.eu/paym/t2s/governance/ag/html/substand/index.en.html>

¹¹ Synchronisation Points (SPs) are points in time at which the T2S programme is to reach specific objectives. 17 SPs are foreseen until T2S goes live in June 2015 and all participating CSDs have migrated to the new platform. The purpose is to monitor, at given time intervals, that the progress of all parties is in line with the T2S Programme Plan. More information on the T2S Programme Plan can be found at <http://www.ecb.europa.eu/paym/t2s/progplan/html/index.en.html>.

¹² T2S Framework Agreement, Schedule 2, Annex 9. SP8: Start of bilateral interoperability testing (01/10/2014).

3.2 T2S matching fields

Activity description

The objective of this activity is to agree on a single list of T2S matching fields and ensure their compliance with the matching standards put forward by the European Securities Forum (ESF) and the European Central Securities Depositories Association (ECSDA) in 2006.¹³

Activity status

There is already a T2S standard in this area, i.e. the list of mandatory and non-mandatory T2S matching fields.¹⁴

However, T2S stakeholders are still discussing how to manage information which is currently covered under the non-mandatory matching fields: trade reference, client of delivering/receiving CSD participant and securities account of delivering/receiving party.

The AG has encouraged further work on the definition of a single T2S market practice for using the T2S non-mandatory (optional) matching fields. The AG also agreed that work on this issue should be initiated by the T2S team at a later stage, i.e. once harmonisation in other cross-CSD areas has made good progress and the CSDs' adaptation plans have been stabilised.

During 2013 the HSG plans further work on this issue via its substructure, i.e. the successor to the TFAX forum.¹⁵

T2S markets' compliance status

The T2S team has received substantial information on the CSDs' plans to adapt to the T2S matching fields requirements.

Most T2S markets have explicitly reported that they will fully comply with the T2S matching fields (green status).

However, some markets have been marked as red because they have reported major issues with the current T2S matching fields (i.e. matching fields of importance to them are missing from the T2S list of matching fields). Yellow status has been assigned to markets with no major issues relating to the T2S matching fields or with a workaround solution in place (or in plan) in the absence of a T2S matching field solution.

Blue	None
Green	AT, BE (Euroclear), BE (NBB-SSS), CH, EE, ES, FR, GR (BOGS), HU, LT, NL, PT, RO, SI, SK
Yellow	IT, MT
Red	DE, DK, FI, LU (LUX CSD), LU (VP LUX)

Information input: SP2 and bilateral discussions.

For details on the compliance status colour methodology, please refer to Annex 1.

For detailed explanations per T2S market, please refer to Annex 5.

¹³ ESF-ECSDA matching standards, 5 October 2006, available at http://www.ecsda.eu/site/uploads/tx_doclibrary/2006_10_05_ESSF_ECSDA_Matching_Standards.pdf.

¹⁴ See T2S UDFS (v.1.21, 07/09/2012), Section 1.6.1.2 for definitions and lists, available at http://www.ecb.europa.eu/paym/t2s/pdf/UDFS_v1_2_1.pdf?1e91fd88654af43bbbe310faff2c8731

¹⁵ The Task Force on adaptation to cross-CSD settlement (or TFAX) was mandated by the AG in 2011 to make proposals to the HSG and the AG on standard T2S processes and/or messaging fields to increase the efficiency of cross-CSD settlement for CSDs and their participants on a non-discriminatory basis.



Monitoring

Implementation date	SP 8: 01/10/2014, start of bilateral interoperability testing
Monitoring actors	T2S team, NUGs
Monitoring process	<p><i>SP2: 10/08/2012, feasibility confirmation by CSDs and national central banks</i></p> <p>Compliance was monitored by the T2S team as part of the CSD/central bank feasibility assessment process (SP2).</p> <p><i>SP3: Q2 2013, T2S Programme Plan comprehensiveness</i></p> <p>The objective of this checkpoint is to verify that each T2S client has conducted an internal impact assessment for their own project plan (including harmonisation standards).</p> <p>Other relevant dates</p> <p>Based on the CSDs' detailed adaptation plans, there will be specific checkpoints between SP2 and SP8.</p> <p>NUGs should assist the T2S team in monitoring compliance and coordinating the overall interaction with the relevant national markets.</p>

3.3 Interaction with T2S (registration procedures)

Activity description

The objective of this activity is to define T2S best market practice regarding the management of registration information in T2S markets. Today, divergent registration procedures at national level cause costs and inefficiencies in cross-border environments. The adoption of a homogeneous practice across all T2S markets would ensure that registration procedures do not interrupt straight-through processing nor hamper smooth cross-CSD settlement in T2S, affecting the system's efficiency (e.g. by putting instructions on hold).

Activity status

The issue was analysed by the TFAX, which delivered its final report to the AG in November 2012. The AG mandated the HSG to look into the findings of the final TFAX report and transform its recommendations, wherever appropriate, into T2S standards for further monitoring and follow-up. Registration and settlement are closely related processes. It is crucial to adapt settlement and registration processes in order to achieve alignment of settlement and registration data. In practice, it is important to ensure that the register is only updated after confirmation of settlement.¹⁶

The TFAX analysis showed that the possibility of using T2S messages to transmit registration data would raise several issues and increase complexity. In addition, based on the current T2S design, this solution would not be feasible in all settlement scenarios. The TFAX therefore recommended that **no registration details should be exchanged using T2S messages**.

Based on the HSG's advice, on 6 February 2013 the AG endorsed the TFAX proposal as T2S best market practice.¹⁷ This recommendation has now been included in the T2S harmonisation list as one of the activities relating to T2S messages.

¹⁶ More details are available in the TFAX report, published on the T2S website at http://www.ecb.europa.eu/paym/t2s/progress/pdf/subadapt/report/2012-11-28_Report_of_the_TFAX.pdf?96abc3c9f629a307ee54752348fed9f2.

¹⁷ The HSG also took note of a number of additional issues that might be raised in future to other European forums like the EPTG. For example, the TFAX recommended that T2S actors should avoid account segregation for registration purposes in a T2S environment. The group also invited the HSG to discuss other possible solutions of a legal/regulatory nature beyond the technical and process-based approach taken by the TFAX. More specifically, the TFAX identified the following potential solutions: (1) the possibility of nominee registration; (2) linking the transfer of rights to settlement such that there is no post-settlement event questioning the transfer of rights; and (3) to abandon transaction-by-transaction registration completely. All of these options aim to increase the integration of registration and settlement as a means of ensuring the realignment of both processes.

T2S markets' compliance status

Monitoring by the HSG is planned to start within the first half of 2013.

Monitoring

Implementation date	SP 8: 01/10/2014, start of bilateral interoperability testing
Monitoring actors	AG (through the HSG and NUGs)
Monitoring process	HSG survey to be launched with the NUGs and the CSDs in the first half of 2013.

3.4 Interaction with T2S (tax info requirements)**Activity description**

The objective of this activity is to define T2S best market practice for the management of transaction-related tax information across borders, in order to avoid the inefficiencies generated by heterogeneous local tax requirements (transaction-related tax rules and information flow).

Activity status

In its meeting in November 2012, the AG mandated the HSG to look into the findings of the final TFAX report and transform its recommendations, wherever appropriate, into T2S standards for further monitoring and follow-up.

The TFAX analysed the possibilities of interaction with T2S for local tax requirements and concluded that there is no technical and process-based solution to achieve efficient tax processing in the T2S environment. Hence, the task force recommended that, to avoid additional complexity and the emergence of confidentiality issues, **no tax-related information should be included in T2S settlement messages (for either intra-CSD or cross-CSD transactions).**

Based on the HSG's advice, on 6 February 2013 the AG endorsed the TFAX proposal as T2S best market practice. This recommendation has now been included in the T2S harmonisation list as one of the activities relating to T2S messages.

In addition, the TFAX considered the impact that the (potential) introduction of new trade-related taxes (e.g. financial transaction tax) might have on cross-CSD settlement and recommended that such taxes should preferably not be collected at the settlement level or, if need be, that this should occur in a harmonised or T2S-compatible way. The AG or T2S Board may consider whether to raise this issue to the relevant EU authorities in view of the forthcoming financial transaction tax legislation (see also Section 4.4 on settlement-related tax procedures).

T2S markets' compliance status

Monitoring by the HSG is planned to start within the first half of 2013.

Monitoring

Implementation date	SP 8: 01/10/2014, start of bilateral interoperability testing
Monitoring actors	AG (through the HSG and NUGs)
Monitoring process	HSG survey to be launched with the NUGs and the CSDs in the first half of 2013.



3.5 Interaction with T2S (CSD ancillary services)

Activity description

This activity covers specific CSD services that go beyond the “core CSD services” (i.e. notary function, settlement and safekeeping) and are therefore referred to as CSD “ancillary services” (e.g. repos, securities lending, “buy-sell back” processing and portfolio transfers).

Ancillary services are outside the current scope of T2S and will continue to be offered by CSDs to their participants directly, even after the launch of T2S. However, the set-up and range of such services could be affected by the CSDs’ adaptation to T2S.

The objective of this activity is to define T2S best market practice that allows for smooth cross-CSD interaction with T2S as regards CSD ancillary services.¹⁸

Activity status

In its meeting in November 2012, the AG mandated the HSG to look into the findings of the final TFAX report and transform its recommendations, wherever appropriate, into T2S harmonisation activities for further monitoring and follow-up.

The TFAX analysed a number of issues regarding CSD ancillary services. In particular, it issued recommendations about portfolio transfers, bond stripping and reconstitution, classic repos, tri-party repos, securities lending and borrowing. Some of these recommendations have been translated into standards for the T2S harmonisation list, while others will be considered further by the HSG for potential follow-up with other European harmonisation actors. The recommendations below have now been included in the T2S harmonisation list under T2S messages as a new activity called “Interaction with T2S (CSD ancillary services)”:

- portfolio transfers – **portfolio transfer information should be exchanged outside T2S (between custodians or via CSDs);**
- bond stripping – reconstitution – **CSDs should use T2S allegation messages to trigger validation of bond stripping/reconstitution instructions.**

Based on the HSG’s advice, on 6 February 2013 the AG endorsed the TFAX proposal as T2S best market practice. This recommendation has now been included in the T2S harmonisation list as a new activity under T2S messages.

T2S markets’ compliance status

Monitoring by the HSG is planned to start within the first half of 2013.

¹⁸ These services are usually mandatory services that parties active in that market are obliged to use, either directly (as an issuer CSD participant) or indirectly (as a client of a provider of settlement and custody services in the issuer CSD market). According to analysis by the Task Force on smooth cross-CSD settlement, the fundamental requirement from a T2S cross-CSD settlement perspective would be that these services should not be mandatory but voluntary and at the same time be available to all issuer CSD participants on a non-discriminatory basis. The reason is that mandatory participation in these ancillary services does not facilitate issuer CSD participation by non-domicile institutions. At the same time, it is important to note that some of these requirements may be based on CSD oversight concerns (securities lending, buy-ins) and cannot easily become optional. The work on the EU harmonised settlement discipline regime could affect harmonisation in some of these issues.

Monitoring

Implementation date	SP 8: 01/10/2014, start of bilateral interoperability testing
Monitoring actors	AG (through the HSG and NUGs)
Monitoring process	HSG survey to be launched with the NUGs and the CSDs in the first half of 2013.

3.6 T2S schedule for the settlement day and calendar

Activity description

The use of a single schedule for the T2S settlement day and a single calendar per currency is established by the T2S User Requirements Document (URD) and is one of the key harmonisation agreements in the T2S context¹⁹.

Activity status

These issues were discussed with the CSDs and other T2S stakeholders during several workshops and bilateral meetings.

In the context of the CSDs' feasibility assessments (SP2, summer 2012), the T2S team received information on the CSDs' compliance with the T2S schedule for the settlement day and the T2S calendar.

T2S markets' compliance status

Some T2S markets have explicitly reported that they will fully comply with the T2S times and opening days prior to their migration date (green status assigned). Yellow status is assigned to those markets which have identified operational constraints with some of the times in the T2S schedule for the settlement day, in particular with the start of night-time settlement. One T2S market has been assigned red status because it reported a major issue with the current T2S times.

Blue	None
Green	AT, BE (Euroclear), CH, EE, ES, FR, IT, LT, LU (LUX CSD), NL, PT, SI, SK
Yellow	BE (NBB-SSS), DE, DK, FI, GR (BOGS), HU, LU (VP LUX), MT
Red	RO

Information input: SP2 and bilateral discussions.

For details on the compliance status colour methodology, please refer to Annex 1.

For detailed explanations per T2S market, please refer to Annex 5.

¹⁹ The T2S User Requirements Document is available at http://www.ecb.int/paym/t2s/pdf/URD_v5_02.pdf?180e8dbe3f748526f68b3f7c700e7c85.



Monitoring

Implementation date	SP 8: 01/10/2014, start of bilateral interoperability testing
Monitoring actors	NUGs and T2S team
Monitoring process	<p><i>SP2: 10/08/2012, feasibility confirmation by CSDs and national central banks</i></p> <p>Compliance was monitored by the T2S team as part of the CSD/central bank feasibility assessment process (SP2).</p> <p>SP3: Q2 2013, T2S Programme Plan comprehensiveness</p> <p>The objective of this checkpoint is to verify that each T2S client has conducted an internal impact assessment for their own project plan (including harmonisation standards).</p> <p>Other relevant dates</p> <p>Based on the CSDs' detailed adaptation plans, there will be specific checkpoints between SP3 and SP8.</p> <p>The NUGs should assist the T2S team in monitoring compliance and coordinating the overall interaction with the relevant national markets.</p>

3.7 T2S corporate actions standards

Activity description

The AG decided in 2008 that it was necessary to establish a set of T2S standards to harmonise CSDs' interaction with T2S as regards the settlement of corporate actions on flows (pending transactions).

Activity status

The T2S Corporate Actions Sub-group (CASG) formulated a detailed list of T2S corporate actions standards on the basis of the high-level corporate actions market standards (as defined by the European Commission-sponsored CAJWG – see Section 4.1). The T2S corporate actions standards were approved by the AG in September 2009, and further updated in March 2011 and March 2012.¹⁶

In terms of definition and monitoring, work has progressed well since last year. Some editing updates to the buyer protection standards were approved by the AG in March 2012. Furthermore, the AG agreed that compliance with T2S corporate actions standards would only be monitored for T2S markets, i.e. markets in which a CSD has signed the T2S Framework Agreement.

The AG also agreed to improve the coordination process with the markets for completion of the CASG's annual gap analysis survey. A national coordinator was nominated for each market for this exercise by the chairpersons of the T2S NUGs. Nevertheless, ultimate responsibility for the timely response of the respective markets remains with the NUGs. Thanks to this improved procedure, responses from all T2S markets/CSDs were received in September 2012 (see Annex 4).

Compared with 2011 figures, the results show that the low rate of CSDs'/markets' compliance has changed only marginally. The lack of progress in most markets is already a parameter that increases risk in the overall corporate actions implementation process, especially given that the time buffer for T2S testing and migration is getting shorter. A complete gap analysis report on the 2012 status was presented to the AG by the CASG Chairman on 28 November 2012.

As a result of some revisions in the underlying CAJWG standards, the T2S corporate actions standards may need to be further updated before the 2013 gap analysis survey (planned for the second quarter of 2013).

²⁰ The full list of T2S corporate actions standards is available on the T2S website at <http://www.ecb.europa.eu/paym/t2s/governance/ag/html/subcorpact/index.en.html>.

T2S markets' compliance status

As part of its 2012 analysis, following the practice of last year, the CASG provided a “risk assessment” or “compliance status” for each market (green, yellow or red status) based on their current expectations as to whether the T2S standards will be implemented in full, with the appropriate quality, and in time for the launch of T2S. The status assessment took into account not only the current level of compliance with the standards, but also the change in compliance since last year, the severity of the barriers to implementation and the assessment of the national market’s commitment to implementing the standards. Particular weight was given to cases in which legal amendments were necessary. Furthermore, the CASG took into account that the T2S markets now have one year less to become compliant with the standards prior to T2S testing.

Green status is only assigned to markets that already had a high level of compliance (in 2012), and where no operational or regulatory obstacles are likely to hamper adaptation.

Yellow status is assigned to markets with a low level of compliance (in 2012) but with clear plans to achieve full compliance by SP8, and where no operational/regulatory obstacles are identified.

Red status is assigned to markets with no information, very low compliance and/or major regulatory/legal changes required to achieve full compliance.

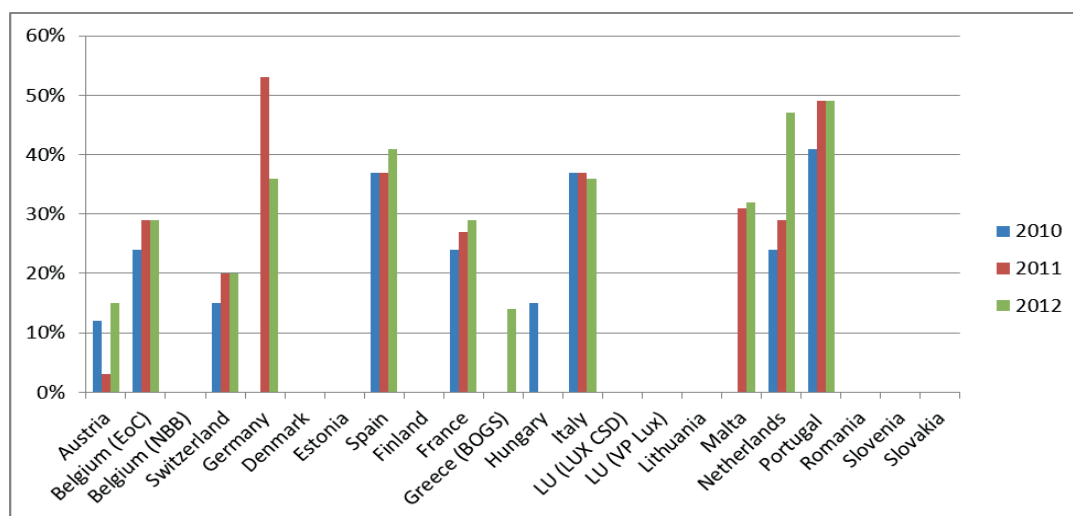
Blue	None
Green	BE (Euroclear), FR, IT, NL, PT
Yellow	BE (NBB-SSS), CH, ES, GR (BOGS), LU (LUX CSD), LU (VP LUX), RO, SI
Red	AT, DE, DK, EE, FI, HU, LT, MT, SK

Information input: CASG gap analysis 2012

For details on the compliance status colour methodology, please refer to Annex 1.

For detailed explanations per T2S market, please refer to Annex 5.

Figure 1: Three-year comparative results for T2S markets' implementation of T2S corporate actions standards. No value means zero compliance or no information provided.



Source: CASG (2010-2012 survey data)



Monitoring

Implementation date	SP 8: 01/10/2014, start of bilateral interoperability testing
Monitoring actors	CASG, NUGs
Monitoring process	<p>The main monitoring process for this harmonisation activity will remain the CASG's annual gap analysis survey of T2S markets.</p> <p><i>SP2: 10/08/2012, feasibility confirmation by CSDs and national central banks</i></p> <p>Compliance was monitored by the T2S team as part of the CSD/central bank feasibility assessment process (SP2).</p> <p><i>SP3: Q2 2013, T2S Programme Plan comprehensiveness</i></p> <p>The objective of this checkpoint is to verify that each T2S client has conducted an internal impact assessment for their own project plan (including harmonisation standards).</p> <p>Other relevant dates</p> <p>Based on the CSDs' detailed adaptation plans, there will be specific checkpoints between SP2 and SP8.</p> <p>The NUGs should assist the T2S team in monitoring compliance and coordinating the overall interaction with the relevant national markets.</p>

Legal harmonisation

The legal harmonisation area comprises five activities that are clearly connected to already existing or ongoing international and EU legal harmonisation agreements/initiatives:

- Settlement Finality I (SF I): Moment of entry of transfer order into the system (Settlement Finality Directive, Art. 3);
- Settlement Finality II (SF II): Irrevocability of transfer order (Settlement Finality Directive, Art. 5);
- Settlement Finality III (SF III): Irrevocability of securities transfers (ESCB-CESR recommendation 8 and CPSS-IOSCO principle 8);
- location of securities accounts (also known as conflicts of law applicable): under consideration in upcoming EU legislation (CSDR and SLL);
- outsourcing of CSD services: under consideration in upcoming EU legislation (CSDR).

3.8 Settlement Finality I

Activity description

SF I is defined as the moment of entry of a transfer order into the system, or the moment when a transfer order is protected against insolvency procedures. SF I is defined in and covered under:

- the Settlement Finality Directive - SFD (2009), Art. 3;
- ESCB-CESR (2009) recommendations for SSSs (no 1);
- CPSS-IOSCO (2012) principles for financial market infrastructures (no 1 and 8);
- CSDR proposal (2012), Art. 36/3 and 45/a.

The aim of this T2S harmonisation activity is to agree on a common T2S rule regarding the moment of entry of a transfer order into the system (SF I), and to ensure compliance by all T2S markets.

SF I is currently defined in the rules of all designated SSSs (as required by the Settlement Finality Directive). Looking at the domestic level, all T2S markets are compliant with SF I (as per SFD). However, a single SF I rule has not yet been agreed across the T2S markets. In order to minimise legal risks in cross-CSD transactions as well as to create a level playing field, a single definition of the moment of entry of a transfer order into the system needs to be agreed upon and implemented by all T2S markets/CSDs. A harmonised rule will protect against the spillover effects of the insolvency of a participant in another CSD (linked CSD in T2S).

The Framework Agreement (Art. 21/para. 4) recognises the need for a harmonised CSD rule for the moment of entry of transfer orders into the system. The need for a harmonised rule – but not the rule itself – is also established by Art. 3(4) and 5(2) of the Settlement Finality Directive (2009) as well as the CSDR proposal (art 45(8)).

Activity status

In June 2011 the AG agreed that the CSD Steering Group (CSG) should continue to work on the definition of such a rule in coordination with the legal experts from the T2S team. In addition, the CSDs' compliance with the harmonised rules should be assessed on an ongoing basis against the obligation of compliance with the CSD eligibility criteria.

In July 2012 the HSG presented a first proposal for a T2S SF I rule to the CSG. The CSG is working on this issue in the context of its legal work stream. An SF I dedicated task force was set up by the CSG in November 2012, involving different categories of stakeholders and bringing together a variety of expertise. The task force is expected to submit its proposal to the CSG in the first quarter of 2013.²¹

This issue was also mentioned in the AG's letter to the European Commission on the CSDR (in summer 2011). The future CSDR may include provisions on SF I, in particular requiring interoperable systems to put in place harmonised rules on SF I. However, the CSDR is not intended to provide such harmonised rules in general.

T2S markets' compliance status

There is a risk that no consensus/agreement will be found among CSDs on a single rule for defining the moment of entry of a transaction into the system on time. The time constraint is that, following the agreement with the T2S CSDs, monitoring and implementation processes have to be established in national markets. Regulatory and potentially legal changes may delay the whole process.

If this is not resolved before the launch of T2S, it could result in uneven protection of CSD participants against the risk of insolvency of participants in other CSDs (linked CSDs in T2S) or in lengthy and difficult legal assessments prior to the establishment of such links.

T2S market monitoring will be launched after agreement on the T2S SF I rule (expected in the first half of 2013).

Monitoring

Implementation date	T2S migration date (depending on migration wave)
Monitoring actors	HSG/T2S team/NUGs/CSG
Monitoring process	HSG dedicated survey with NUGs and CSDs. Also part of monitoring the CSDs' adaptation plans to T2S (the T2S team's client readiness monitoring).

²¹ An ECSDA survey dated 24 October 2011 on settlement finality found that out of the 18 CSDs that participated in the survey, 6 CSDs consider the "point of entry" to be the moment in which the instruction (transfer order) is first received by the CSD, while 12 CSDs consider the "point of entry" to involve not only the receipt of an instruction but also some form of validation (which varies among the CSDs). For more details, see http://www.ecsda.eu/site/uploads/tx_doclinary/2011_10_24_Outcome_ECSDA_Finality_Survey.pdf.



3.9 Settlement Finality II

Activity description

SF II is defined as the irrevocability of a transfer order (and not of the transfer itself) according to the rules of the CSD. SF II is defined in and covered under:

- Settlement Finality Directive (2009), Art. 5(1 and 2);
- ESCB-CESR (2009) recommendations for SSSs (no 1 and 8);
- CPSS-IOSCO (2012) principles for financial market infrastructures (no 1 and 8);
- CSDR proposal (2012), Art.36/3 and 45/8.

The aim of this activity is to adopt a harmonised definition of the irrevocability of transfer orders, in order to eliminate the risk of transfer order revocation in a T2S cross-border environment.

Activity status

The irrevocability of transfer orders in T2S is protected through the rule prohibiting the unilateral cancellation of instructions after matched status is achieved in T2S (URD v5.0). According to the T2S Framework Agreement (Art. 21/para. 4), contracting CSDs shall make all necessary arrangements in order to adopt a harmonised definition of the irrevocability of transfer orders.

CSDs should comply with the rule for irrevocability of a transfer order as laid down in the T2S URD (i.e. no unilateral cancellation in T2S) by default, since there is no T2S functionality for unilateral cancellation after matching. However, it is necessary to monitor that the CSDs' regulatory environments, including their rules and procedures, are updated accordingly.

The definition process was finalised with the completion of the URD (no unilateral cancellation is possible in T2S after matching). Regarding the monitoring process, the NUGs survey conducted by the Task Force on smooth cross-CSD settlement in 2011 identified a number of issues, which are now being monitored.

The future CSDR may include provisions on SF II, in particular requiring interoperable systems to put in place harmonised rules on SF II. However, the CSDR is not intended to provide such harmonised rules in general.

T2S markets' compliance status

T2S markets that are already compliant with the T2S SF II rule are assigned blue status. Green status indicates that markets will be ready before migration date. Finally, markets that are planning to comply before migration to T2S are assigned yellow status (reflecting the assumption that this usually requires a regulatory change).

Blue	AT, BE (Euroclear), DK, EE, ES, FI, FR, GR (BOGS), IT, LU (VP LUX), NL, RO
Green	BE (NBB-SSS), DE, LU (LUX CSD), PT, SI
Yellow	CH, HU, LT, MT, SK
Red	None

Information input: SP2 and bilateral discussions.

For details on the compliance status colour methodology, please refer to Annex 1.
For detailed explanations per T2S market, please refer to Annex 5.

Monitoring

Implementation date	T2S migration date (depending on migration wave)
Monitoring actors	HSG/T2S team/NUGs
Monitoring process	<p><i>SP2: 10/08/2012, feasibility confirmation by CSDs and national central banks</i></p> <p>Compliance was monitored by the T2S team as part of the CSD/central bank feasibility assessment process (SP2).</p> <p><i>SP3: Q2 2013, T2S Programme Plan comprehensiveness</i></p> <p>The objective of this checkpoint is to verify that each T2S client has conducted an internal impact assessment for their own project plan (including harmonisation standards).</p> <p><i>Other relevant dates</i></p> <p>Based on the CSDs' detailed adaptation plans, there will be specific checkpoints between SP2 and SP8.</p> <p>The NUGs should assist the T2S team in monitoring compliance and coordinating the overall interaction with the relevant national markets.</p>

3.10 Settlement Finality III

Activity description

SF III is defined as the irrevocability of transfers (bookings in CSD accounts) according to the rules of the CSD. SF III is defined in and covered under:

- ESCB-CESR (2009) recommendations for SSSs (no 1 and 8);
- CPSS-IOSCO (2012) principles for financial market infrastructures (no 1 and 8);
- CSDR proposal (2012), Art. 36/4 and 45/8.

This activity focuses on ensuring that all T2S markets comply with the rule concerning the irrevocability of securities transfers in T2S. According to Article 21/para.4 of the T2S Framework Agreement, in order to facilitate legally sound, seamless cross-border DvP settlement, the regulatory/legal environments of the CSDs participating in T2S have to recognise account entries in T2S as unconditional, irrevocable and enforceable.

Activity status

According to the T2S Framework Agreement, a contracting CSD shall make all necessary arrangements with regard to its operational processes to achieve the unconditionality, irrevocability and enforceability of settlements processed in T2S. This is particularly relevant in the case where the accounts representing legal ownership rights are maintained by the CSD in its local legacy IT system, i.e. outside T2S. In these cases – and independently of the holding model followed by each market – harmonisation of settlement finality rules would ensure that bookings in accounts maintained in T2S are irrevocable, unconditional and enforceable.

This issue was raised in the letter sent by the AG to the European Commission in summer 2011 regarding the CSDR. The future CSDR may include provisions on SF III, in particular requiring interoperable systems to put in place harmonised rules on SF III. However, the CSDR is not intended to provide such harmonised rules in general.

T2S markets' compliance status

In June 2011 the AG decided that, following the signing of the T2S Framework Agreement, the T2S team should undertake the task of monitoring the CSDs' compliance with the established harmonised finality rule (T2S SF III rule).



Blue status reflects that there is no need for further monitoring of compliance. Green status is assigned to the T2S markets where there is no need for a regulatory and/or legal change to be introduced in order to comply with the T2S SF III rule, although a change in the CSD rules is still required.

Yellow status reflects that the relevant T2S markets have carried out a thorough assessment and concluded that they will comply with the T2S SF III rule in time for their migration to T2S but that there is a need for a regulatory or legal change.

Blue	AT, ES, FI
Green	BE (Euroclear), BE (NBB-SSS), DE, CH, EE, FR, GR (BOGS), IT, LU (LUX CSD), MT, NL, PT, RO, SI
Yellow	DK, HU, LT, LU (VP LUX), SK
Red	None

Information input: SP2 and bilateral discussions.

For details on the compliance status colour methodology, please refer to Annex 1.

For detailed explanations per T2S market, please refer to Annex 5.

Monitoring

Implementation date	T2S migration date (depending on migration wave)
Monitoring actors	HSG/T2S team/NUGs/CSG
Monitoring process	<p><i>SP2: 10/08/2012, feasibility confirmation by CSDs and national central banks</i></p> <p>Compliance was monitored by the T2S team as part of the CSD/central bank feasibility assessment process (SP2).</p> <p>January 2013: All T2S markets responded in the HSG's dedicated survey on SF III.</p> <p><i>SP3: Q2 2013, T2S Programme Plan comprehensiveness</i></p> <p>The objective of this checkpoint is to verify that each T2S client has conducted an internal impact assessment for their own project plan (including harmonisation standards).</p> <p><i>Other relevant dates</i></p> <p>Based on the CSDs' detailed adaptation plans, there will be specific checkpoints between SP2 and SP8.</p> <p>The NUGs should assist the T2S team in monitoring compliance and coordinating the overall interaction with the relevant national markets.</p>

3.11 Location of securities accounts/conflict of law

Activity description

The issue of the location of accounts/conflict of law refers to the law applicable to the transfers of securities and the CSD securities accounts.²² For this harmonisation activity we focus on the second aspect. Clarity on the law applicable to securities accounts is important for T2S because the securities accounts in T2S remain legally attributed to the CSD, regardless of the physical location of the IT infrastructure.

A harmonised rule for the location of securities accounts must be clearly determined and compatible with the set-up of T2S so as to mitigate legal risk for CSD links in T2S. The lack of this harmonised rule would undermine the establishment and use of CSD links in the context of T2S.

²² Conflict of law also refers to the issue of creation of rights. Currently, not in all Member States securities accounts held within a CSD create rights to securities. However, this is not considered to be a constraint for the harmonisation of cross-border securities transfers.

The conflict of law topic may also be relevant for another post-trade harmonisation issue, namely the freedom of issuance. As proposed in the current draft of the CSDR, issuers should have the right to issue their securities in non-domicile CSDs. This right may increase the instances of conflicts of law.

Activity status

The future SLL (a proposal for which is expected to be issued by the European Commission in the first half of 2013) and possibly also the proposed CSDR might provide a harmonised rule to solve this issue. The ECB commented in response to the consultations on both legal instruments, supporting the establishment of a harmonised rule. The issue was also mentioned in the AG's letter to the European Commission in 2011.

Owing to the expected delay in the CSDR adoption process [as of the end of February 2013], the AG has assigned red status to the definition process for this harmonisation activity (see Annex 3). In addition, the TFAX report to the AG includes proposals for further harmonisation action in the area of ownership rights creation during the settlement process (credits in securities accounts). This topic may also be covered in the SLL.

T2S markets' compliance status

Monitoring has not yet started.

There is a risk that the harmonised rule might not be established in either of the European legislation acts (CSDR or SLL). Moreover, the SLL adoption process may not be complete by the time of the T2S launch. The T2S team is preparing a note on these risks for the HSG and the AG (to be delivered in the second quarter of 2013).

Monitoring

Implementation date	T2S launch: June 2015
Monitoring actors	HSG/T2S team
Monitoring process	As part of monitoring the CSDs' adaptation plans to T2S (the T2S team's client readiness monitoring). The NUGs should assist the T2S team in the monitoring exercise

3.12 IT outsourcing (settlement services)

Activity description

The outsourcing of settlement services to T2S requires approval by the relevant regulator, subject to the applicable national laws and regulations. Some national legislation/regulations in the EU either prohibit or hamper outsourcing of settlement services.

Even if this does not seem to be the case for any of the T2S markets, it is important to ensure that all participating CSDs obtain regulatory approval before connecting to T2S.

The T2S Framework Agreement recognises that participation in T2S requires regulatory approval for CSDs. CSDs are therefore granted the specific right to terminate the Framework Agreement if such regulatory approval is ultimately refused by the relevant authorities.

Activity status

The matter is addressed in the CSDR proposal by the European Commission, according to which CSDs are allowed to outsource their services to public entities and, in that case, are exempted from



the requirements on outsourcing provided in the CSDR. The ECB supported this proposal in its reply to the Commission’s consultation on the CSDR in August 2012.

This is a key issue for T2S, which was also highlighted in the AG’s letter to the European Commission in July 2011. It is important to ensure that the CSDR is adopted and implemented before T2S starts operations. Owing to the expected delay in the CSDR adoption process [status as of the end of February 2013], the AG has assigned a red status to the definition process of this harmonisation activity (see Annex 3).

T2S markets’ compliance status

Monitoring has not yet started.

Compared with other legal harmonisation issues, the IT outsourcing topic gives less cause for concern for the launch of T2S, given that up to now T2S markets have not identified any regulatory or legal barriers to outsourcing certain CSD services to T2S.

Monitoring

Implementation date	T2S migration date (depending on migration wave)
Monitoring actors	T2S team
Monitoring process	To be conducted as part of monitoring the CSDs’ adaptation plans to T2S once the CSDR is adopted.

3.13 Settlement discipline regime

Activity description

A harmonised settlement discipline regime is needed in T2S in order to avoid the risk of multiple, inconsistent or incompatible regimes that would create operational complexity, in particular for cross-CSD settlement; it is also needed at the EU level to ensure a level playing field and avoid the risk of so-called “regulatory arbitrage”, i.e. the shift of volumes to markets with softer regimes and sanctions. Weak or non-harmonised settlement discipline regimes could also lead to a high number of failed transactions and might thus impact financial stability.

Activity status

Also as a consequence of past initiatives of ECSDA and the AG that flagged the need for a level playing field with regard to settlement discipline, the issue has been on the EU agenda of post-trade harmonisation for several years.

A provision in this regard is included in the current CSDR proposal. The issue was raised by the AG in its July 2011 letter to the European Commission and was supported by the ECB in its opinion on the CSDR proposal.

Currently, Article 15 of Regulation (EU) No 236/2012 on short selling lays down rules on settlement discipline (i.e. buy-in for cleared shares). The future CSDR intends to broaden the scope of the settlement discipline measures as regards the instruments covered.

Assuming that the general principle for an EU-wide settlement discipline regime is adopted in the CSDR, ESMA and the ESCB would then define the technical standards (level II legislation) for the consistent application of such a framework.

Owing to the expected delay in the CSDR adoption process [as of the end of February 2013], the AG has assigned red status to the definition process of this harmonisation activity (see Annex 3).

The AG has asked the HSG to look into identifying best practices with regard to the settlement discipline regime for T2S markets. This is not to replace the forthcoming CSDR standards but to contribute to the work of ESMA in consultation with the ESCB in this area. The HSG will need to take the provisions of the regulation on short selling into account in the work planned in this area.

T2S markets' compliance status

Monitoring has not yet started.

Relevant measures might not be implemented by the time T2S goes live. Depending on the progress of the CSDR and the potential involvement of ESMA, in coordination with the ESCB, in establishing a regime for the EU, any possible delays in view of the T2S launch will need to be further assessed and reported to the AG.

Monitoring

Implementation date	T2S migration date (depending on migration wave)
Monitoring actors	ESMA/ESCB (according to the CSDR)
Monitoring process	To be defined by ESMA/ESCB (according to the CSDR)

3.14 Settlement cycles

Activity description

The existence of differing settlement cycles has no impact on the core settlement process in T2S since T2S is neutral in this respect and can accommodate different settlement cycles.

However, the establishment of a single settlement cycle in the EU will be crucial for T2S participants' technical infrastructures in rationalising back-office activities as well as in managing cross-border corporate actions. This is due to the fact that the deadlines for instructing relevant messages laid down in the EU corporate actions market standards are based on the notion of the settlement cycle timeline. The problem is that, in the EU markets today, this settlement cycle timeline ranges from T+3 to T+2, rendering the management of cross-border corporate actions rather inefficient and costly.

Activity status

In the context of the CSDR consultation, the Harmonisation of Settlement Cycles Working Group (a group launched by the Commission and made up of industry representatives) recommended the harmonisation of settlement cycles in the EU, proposing a standard of T+2. The issue was also addressed by the AG in its letter sent to the European Commission in July 2011.

France has already endorsed a T+2 rule, but national implementation is postponed in view of the establishment of an EU-wide rule.

The T+2 rule is now part of the current text of the CSDR. Owing to the expected delay in the CSDR adoption process [as of the end of February 2013], the AG has assigned red status to the definition process of this harmonisation activity (see Annex 3).

The AG has mandated the HSG to look into the possibility of T2S markets adopting a T+2 rule in view of migration to T2S, independently of the CSDR adoption process. The Federation of European Securities Exchanges (FESE) should also be consulted on this topic.



T2S markets' compliance status

Monitoring has not yet started.

Depending on the follow-up actions by EU legislators (relating to the CSDR), any possible delays in view of the T2S launch will need to be further assessed and reported to the AG.

Monitoring

Implementation date	T2S launch date: June 2015
Monitoring actors	National regulators – (potentially AG/HSG if outside the CSDR provisions)
Monitoring process	To be defined by national regulators

CSD account structures

This activity covers the need for CSDs to offer account structures that make it possible to meet the T2S objective of efficient cross-CSD settlement.

A substantial number of the TFAX recommendations focus on this area and follow-up work is expected by the HSG during 2013.

The issue was also addressed by a dedicated group set up by the Association for Financial Markets in Europe (AFME), which presented its findings to the AG in March 2012. The group's paper elaborated on the rationale of CSD account structures that use omnibus securities accounts and of structures using more segregated accounts.²³

Sections 3.15 and 3.16 do not cover all of the identified activities relating to the CSD account structures requirements and could potentially be expanded in the next harmonisation progress report.

3.15 Availability of omnibus accounts

Activity description

This activity aims to ensure that issuer CSDs offer omnibus accounts to their foreign participants (investor CSDs and intermediaries) so as to support the concept of CSD interoperability and cross-border settlement in (or even outside) T2S. In short, the activity is based on the recognition that cross-border settlement is not realistically possible without the availability, at least as an option, of the omnibus account concept in all T2S markets.

Activity status

This topic was added to the T2S harmonisation list as a priority 1 activity in September 2011, as agreed by the AG.

T2S markets' compliance status

During 2012 the T2S team received information via the T2S NUGs on the relevant T2S markets. All T2S markets achieved blue compliance status in January 2013, meaning that further monitoring is not required for this harmonisation activity (for the given T2S markets).

²³ The full paper is available at <http://www.ecb.int/paym/t2s/progress/pdf/ag/mtg17/item-7-1-afme-csd-account-structure-final-report-19-mar-2012.pdf?1c798a51f336d23231938bd6c4a50c65>.

Blue	AT, BE (Euroclear), BE (NBB-SSS), CH, DE, DK, EE, ES, FI, FR, GR (BOGS), HU, IT, LT, LU (LUX CSD), LU (VP LUX), MT, NL, PT, RO, SI, SK
Green	None
Yellow	None
Red	None

Information input: SP2 and bilateral discussions.

For details on the compliance status colour methodology, please refer to Annex 1.

For detailed explanations per T2S market, please refer to Annex 5.

Monitoring

Implementation date	T2S migration date (depending on migration wave)
Monitoring actors	HSG, T2S team, NUGs
Monitoring process	<p><i>SP2: 10/08/2012, feasibility confirmation by CSDs and national central banks</i></p> <p>Compliance was monitored by the T2S team as part of the CSD/central bank feasibility assessment process (SP2).</p> <p><i>SP3: Q2 2013, T2S Programme Plan comprehensiveness</i></p> <p>The objective of this checkpoint is to verify that each T2S client has conducted an internal impact assessment for their own project plan (including harmonisation standards).</p> <p>Other relevant dates</p> <p>Based on the CSDs' detailed adaptation plans, there will be specific checkpoints between SP2 and SP8.</p> <p>The NUGs' survey on the topic took place during 2012.</p> <p>Due to blue compliance status across the board, no further monitoring is required.</p>

3.16 Restrictions on omnibus accounts

Activity description

The objective of this activity is to ensure that issuer CSDs, in addition to offering foreign participants the possibility of opening omnibus accounts (see Section 3.15), also provide appropriate services on those accounts, as required by participants (e.g. withholding tax and proxy voting). These omnibus accounts should also include, as an option, holdings of domicile and non-domicile investors.

The issue of the restrictions on the use of CSD omnibus accounts is closely linked to the omnibus account availability topic described in the previous section. The unavailability of appropriate services attached to omnibus accounts represents an obstacle to CSD interoperability and cross-CSD settlement in (or even outside) T2S as well as to market access for foreign intermediaries.

Activity status

The two issues named "availability of omnibus accounts" and "restrictions on omnibus accounts" were treated together as a single activity in previous reports. Following a proposal from the HSG, in November 2012 the AG decided to consider the mere availability of omnibus accounts and the presence of restrictions on the use of those accounts as two separate activities.

T2S markets' compliance status

During 2012 the T2S team received information via the T2S NUGs on the compliance status of T2S markets. While in all T2S markets omnibus accounts are offered to investor CSDs and foreign



intermediaries, restrictions remain in some markets on the mandatory segregation per investor of all (or some) domicile investors' holdings at CSD level.

T2S markets that still have restrictions on the use of omnibus accounts are assigned yellow compliance status. In these markets, the resolution of these issues depends on regulatory and/or legal changes. Despite this, these markets are not assigned red status because cross-CSD settlement and investor CSD services are still possible for non-domicile investors/intermediaries (though subject to restrictions).

Blue	AT, BE (Euroclear), BE (NBB-SSS), CH, DE, DK, EE, ES, FR, GR (BOGS), HU, IT, LT, LU (LUX CSD), LU (VP LUX), MT, NL, RO, SI
Green	None
Yellow	FI, PT, SK
Red	None

Information input: SP2 and bilateral discussions.

For details on the compliance status colour methodology, please refer to Annex 1.

For detailed explanations per T2S market, please refer to Annex 5.

Monitoring

Implementation date	T2S migration date (depending on migration wave)
Monitoring actors	T2S team, NUGs
Monitoring process	<p><i>SP2: 10/08/2012, feasibility confirmation by CSDs and national central banks</i></p> <p>Compliance was monitored by the T2S team as part of the CSD/central bank feasibility assessment process (SP2).</p> <p><i>SP3: Q2 2013, T2S Programme Plan comprehensiveness</i></p> <p>The objective of this checkpoint is to verify that each T2S client has conducted an internal impact assessment for their own project plan (including harmonisation standards).</p> <p><i>Other relevant dates</i></p> <p>Based on the CSDs' detailed adaptation plans, there will be specific checkpoints between SP2 and SP8.</p> <p>The NUGs' survey on the topic took place during 2012.</p>

3.17 Registration procedures

Activity description

Local registration procedures may have an impact on cross-CSD T2S settlement efficiency. For example, they may lead to instructions being put on hold in T2S prior to release for settlement.

Activity status

As mandated by the AG in September 2011, the TFAX worked on identifying whether there is a possibility of establishing a standardised way to interact with T2S services or of making use of specific fields in T2S messages in order to avoid the settlement inefficiencies associated with local registration procedures. The TFAX contacted the NUGs on the matter in the first quarter of 2012.

One of the results of this work is the recommendation endorsed by the AG in February 2013 not to use T2S messages for passing on registration information. This is now considered T2S best market practice, as explained in Section 3.3.

However, the AG recognises that there are further important steps to be taken to achieve full harmonisation regarding how to manage registration procedures in T2S markets (especially in cross-CSD contexts). The follow-up work is being monitored by the HSG and will be raised with the relevant actors outside T2S (e.g. EPTG and ESMA).

T2S markets' compliance status

Monitoring has not yet started.

There is no risk for the launch of T2S in the event that harmonisation is not achieved on time in this area. However, in some T2S markets, settlement processes could be inefficient and costly, especially for cross-CSD settlement business.

Monitoring

Implementation date	T2S migration date (depending on migration wave)
Monitoring actors	To be added (after consultation with EPTG in the first half of 2013)
Monitoring process	To be added (after consultation with EPTG in the first half of 2013)

3.18 Cash account numbers

Activity description

The objective of this activity is for T2S cash account providers to designate a harmonised number for the dedicated cash accounts (DCAs) in T2S, rather than using the sequential number provided by the T2S system specification. The purpose is to build logic into DCA numbering in order to facilitate identification of account holders and providers.

Activity status

In 2012 the T2S Community – in particular the cash-side actors – asked for the possibility of harmonised cash account numbers. The AG agreed to this request and encouraged the CSG to explore the possibility of following a similar approach with regard to the number assigned to securities accounts held by CSDs in T2S (see Section 3.19).

A change request was raised and approved by the T2S Community in order to enable national central banks to define the DCA account number in T2S. In June 2012 the T2S team prepared a note on the technical requirements of such a number and asked the PSSC to come up with a harmonised proposal. The same was done with the CSG for the securities side.

In November 2012 the AG endorsed the PSSC proposal for the DCA account numbering standard. The standard includes 34 characters (1 to designate the cash account, 2 for the country, 3 for the currency code, 11 for the BIC and 17 characters of free text for the account holder).

Examples: CFREURBANKFRPPXXXMAIN-DCA-ACCOUNT
CDEEURBANKDEFF123DCA CLIENT ALPHA

T2S markets' compliance status

A first monitoring survey by the HSG in coordination with the national central banks is planned for the second quarter of 2013.



Monitoring

Implementation date	SP 8: 01/10/2014, start of bilateral interoperability testing)
Monitoring actors	HSG, T2S team, ESCB
Monitoring process	HSG, T2S team, ESCB

3.19 Securities account numbers

Activity description

The objective of this activity is for CSDs to designate a harmonised number for the securities accounts in T2S, rather than using the sequential number provided by the T2S system specification. The purpose is to build logic into the account numbers in order to facilitate identification of account holders and providers.

Activity status

Upon request by the cash side of the T2S Community, a change request was raised and approved to adopt harmonised numbers for both DCAs and securities accounts in T2S. The T2S team prepared a note on the technical requirements of such a number and asked the PSSC (for the cash side) and the CSG (for the securities side) to come up with a harmonised proposal.

The CSG proposal was endorsed by the AG in November 2012. The T2S standard requires CSDs to use BIC 4 digits to identify parties of CSDs plus 31 digits of free text.

T2S markets' compliance status

A first monitoring survey by the HSG in coordination with the T2S CSDs is planned for the second quarter of 2013.

Monitoring

Implementation date	SP 8: 01/10/2014, start of bilateral interoperability testing
Monitoring actors	T2S team, NUGs
Monitoring process	<p><i>Other relevant dates</i></p> <p>Based on the CSDs' detailed adaptation plans, there will be specific checkpoints between SP2 and SP8.</p> <p>The T2S NUGs should assist the T2S team in monitoring compliance and coordinating the overall interaction with the relevant national markets.</p>

4 T2S harmonisation activities - priority 2

4.1 Corporate actions market standards

Activity description

The market standards on corporate actions on stocks (settled balances) were finalised in October 2009 by the European Commission-sponsored CAJWG. The standards were subsequently endorsed by the relevant forums and industry associations (CESAME2, the European Banking Federation, European Issuers, etc.).

These market standards provide the basis for the T2S corporate actions standards (i.e. a market/CSD would need to comply with the corporate actions market standards in order to comply with the T2S standards). Although T2S is not involved in maintaining or monitoring the corporate actions market standards, the AG keeps the issue on its radar for information purposes.

Activity status

The Broad Stakeholders Group (BSG) and the European Market Implementation Group (E-MIG) run a biannual survey on EEA markets' compliance with the corporate actions market standards. In 2012 the E-MIG agreed to update its methodology and reprioritise monitoring of 68 corporate actions standards, as reflected in the second half of the 2012 exercise (see the next section).

Seven T2S markets, covering eight CSDs, did not participate in the November 2012 survey (BE (NBB-SSS), GR (BOGS), LU (LUX CSD and VP LUX), HU, LT, MT, SK). However, this may reflect the scope of coverage in the E-MIG survey exercise, as it is not clear whether some CSDs, e.g. the national central bank CSDs, were involved in the national MIG surveys.²⁴

The final deadline for comprehensive implementation of the standards was set for 2013, but this is now considered to be unrealistic. However, a number of markets agreed to present plans to remove all items currently marked as "not implemented" by the next E-MIG workshop in June 2013.

T2S markets' compliance status

It seems that the 2012 surveys show increased awareness of the dependency between the two implementation processes (T2S and market standards).

However, it was noted that there remain some problematic issues in some major markets. For example, the implementation of record date and payment date for cash distributions may require legislative action in some markets.

The compliance status assessment for the corporate actions market standards is based on a percentage implementation status and is assigned by the T2S team as follows: 0%-40% implementation designates red compliance status; 41%-70% is given yellow status; 71%-99% is green; and full compliance with no further monitoring required translates into blue. It should be clarified that neither the T2S team nor the T2S CASG make a detailed analysis of the technical and regulatory barriers present in the T2S markets (as is the case with the T2S corporate actions standards analysis – see Section 3.7).

²⁴ The BSG is working towards ensuring reporting by the countries (MT and SK) which do not have a national MIG yet. HU and LU CSDs will provide input in the 2013 surveys. Contacts are being taken to improve communication between, on the one hand, NBB-SSS and BOGS and, on the other hand, their respective national MIG.



Blue	None
Green	AT, BE (Euroclear), DE, DK, ES, IT, NL, PT
Yellow	CH, EE, FI, FR
Red	BE (NBB-SSS), GR (BOGS), HU, LT, LU (LUX CSD), LU (VP LUX), MT, RO, SI, SK

Information input: BSG/E-MIG Survey (2012).

For detailed explanations per T2S market, please refer to Annex 5.

Monitoring

Implementation date	Broad Stakeholders Group (BSG) date: 2013 Relevant for T2S: SP 8: 01/10/2014, start of bilateral interoperability testing
Monitoring actors	HSG/T2S team, BSG and E-MIG
Monitoring process	BSG semi-annual surveys with MIGs.

4.2 Place of issuance

Activity description

Freedom of choosing issuer CSD

This activity relates to the restrictions that are in place in national laws or market rules in EU countries as regards the place of issuance of securities. Such restrictions represent a barrier for issuers when choosing infrastructures and service providers.

This barrier does not directly affect T2S and it entails no operational/legal risks for the launch and operation of the single platform. Nevertheless, it has an impact on the competition for issuer CSD services in the respective markets.

Activity status

The issue was raised by the Task Force on smooth cross-CSD settlement, the predecessor of the TFX, in its final report to the AG in June 2011, in particular in the section concerning access and interoperability issues.²⁵

Provisions in the direction of removing barriers to choosing the place of issuance are already part of the draft CSDR. The AG has expressed its support in this matter (see the AG's letter to the European Commission of June 2011).

The HSG decided that the issue should be reassessed once the CSDR is adopted. Owing to the expected delay in the CSDR adoption process [as of the end of February 2013], the AG has assigned a red status to the definition process of this harmonisation activity (see Annex 3).

T2S markets' compliance status

Monitoring has not yet started.

No substantial risks for the T2S launch have been identified, but failure to resolve the issue may have an impact on the competition environment in which T2S actors will operate.

²⁵ The Task Force's report is available on the T2S website at <http://www.ecb.int/paym/t2s/governance/ag/html/mtg14.en.html>.

Monitoring

Implementation date	T2S launch date: June 2015
Monitoring actors	European Commission and national regulators (pending CSDR)
Monitoring process	European Commission and national regulators (pending CSDR)

Tax procedures

Two of the barriers to efficient cross-border clearing and settlement identified by the Giovannini Group, namely barriers 11 and 12, relate to fiscal compliance procedures.²⁶

The issues linked to these barriers were further explored by the European Commission's Clearing and Settlement Fiscal Compliance expert group (FISCO). FISCO produced a "Fact-finding study on fiscal compliance procedures related to clearing and settlement within the EU" in 2006 and a second report in 2007 on "Solutions to fiscal compliance barriers related to post-trading within the EU". This led to the Commission's recommendation in this regard in October 2009.²⁷

4.3 Withholding tax procedures

Activity description

Giovannini barrier 11 relates to the domestic nature of withholding tax regulations in the EU and the resulting disadvantages for non-domestic intermediaries. Withholding tax relief at source can only be granted with the help of an entity that has tax withholding responsibilities. However, often the national tax rules reserve tax withholding responsibilities for local intermediaries and thus "force" foreign intermediaries to use local fiscal agents. As a consequence: i) remote access may be prevented; ii) foreign intermediaries are at a disadvantage vis-à-vis local ones; and iii) the location of the issuer CSD could potentially be restricted to local CSDs.

Following the FISCO report, in October 2009 the European Commission published the Recommendation on withholding tax relief procedures, which outlines how EU Member States could make it easier for investors resident in one Member State to claim entitlements to relief from withholding tax on securities income (mainly dividends and interest) received from another Member State (withholding tax relief at source).

The Commission's Recommendation also suggests measures to eliminate tax barriers for the securities investment activities of financial institutions. A Commission services study shows that, at present, the costs related to the current reclaim procedures are estimated at €1.09 billion annually, whereas the amount of foregone tax relief is estimated at €5.47 billion annually.

The objective of the T2S harmonisation activity is to monitor compliance with the Commission's October 2009 Recommendation on withholding tax procedures in all T2S markets and CSDs.

²⁶ Giovannini Group, Second report on EU clearing and settlement arrangements, Brussels, April 2003, p. 11. The findings of this Giovannini report regarding obstacles resulting from tax procedures are reflected within the Commission's Communication on "Clearing and settlement in the EU – The way forward", COM(2004) 312 final, under heading "3.2. Taxation issues".

²⁷ The Commission's Recommendation (COM (2009) 7924 final), the underlying study on „The Economic Impact of the Commission Recommendation on Withholding Tax Relief Procedures and the FISCO Proposals“ and other background documents related to fiscal compliance procedures are published on the Europa website and can be accessed via the following links: http://ec.europa.eu/internal_market/financial-markets/clearing/compliance_en.htm; [http://ec.europa.eu/taxation_customs/resources/documents/common/whats_new/C\(2009\)7924_en.pdf](http://ec.europa.eu/taxation_customs/resources/documents/common/whats_new/C(2009)7924_en.pdf)



Activity status

The Commission's Recommendation was an important step forward in trying to overcome fiscal barriers in the post-trade environment. The provision of withholding tax relief at source as recommended by FISCO has been a continuous process since 2009, with 22 Member States currently providing relief at source.

In 2010 an expert group (the Tax Barriers Business Advisory Group, or T-BAG) was created to follow up on the Commission's Recommendation from a business perspective and also to work on the identification of any other remaining fiscal barriers affecting the post-trade environment.

T-BAG is expected to issue its final report to the Commission in 2013, including recommendations for further action. The Commission, namely DG Taxation and Customs Union (DG TAXUD) and DG Internal Market and Services (DG MARKET), will assess the feasibility of the recommendations and consider the next regulatory steps.

Regarding this topic's implications for T2S, the ECB's T2S team shared with the European Commission all available information gathered by the Task Force on smooth cross-CSD settlement in 2011.

The TFAX also analysed local tax procedures that may affect settlement instructions in T2S in its work on standardised T2S interaction (see Section 3.4).

T2S markets' compliance status

Monitoring has not started yet.

No substantial risks for the T2S launch have been identified. Nevertheless, should no resolution be found on the matter, there may be an impact on settlement efficiency in the affected markets.

Monitoring

Implementation date	T2S launch date: June 2015
Monitoring actors	ESMA and national regulators
Monitoring process	ESMA and national regulators

4.4 Settlement-related tax procedures

Activity description

Settlement-related tax procedures, whether they relate to transaction taxes or to other taxes, have the potential to create operational complexity, in particular with relation to cross-CSD settlement in T2S. Giovannini barrier 12 is related to national provisions that require that taxes on securities transactions be collected via local settlement systems. According to the reports by the Giovannini Group (2001) and CESAME (2008), any provisions requiring that taxes on securities transactions be collected via local settlement systems should be removed in order to ensure a level playing field for domestic and foreign investors.

T2S harmonisation activity 3.4 covers part of this activity, namely the provision of transaction-related information that would allow for correct tax processing at the point of settlement.

Activity status

Giovannini barrier 12

The fact-finding study on fiscal compliance procedures related to clearing and settlement in the EU, published by FISCO in 2006, identified no less than 11 jurisdictions in the EU with more or less

problematic transaction tax procedures as far as the elimination of the Giovannini barriers and the promotion of the Internal Market were concerned. However, according to the Commission services, the urgent problems related to Giovannini barrier 12 and transaction tax procedures appear now, in general, to have successfully been solved.

Regarding this topic's implications for T2S, the T2S team shared with the European Commission all relevant information gathered by the Task Force on smooth cross-CSD settlement in 2011.

Financial transaction tax

Another noteworthy element in the area of transaction tax procedures is the possible introduction of a "common system of financial transaction tax" in 11 EU markets.

On 22 January 2013 the EU Council adopted a decision authorising 11 Member States (DE, FR, AU, BE, PT, SI, GR, IT, ES, SK, EE) to proceed with the introduction of a financial transaction tax through "enhanced cooperation"²⁸. This decision followed the favourable vote for this procedure given by the European Parliament on 12 December 2012 and by a majority of EU finance ministers on 21 January 2013. Accordingly, on 14 February 2013 the Commission published a proposal for the introduction of a financial transaction tax in 11 EU Member States, defining the substance of the enhanced cooperation.

The HSG will need to investigate with T2S NUGs whether the procedures relating to the financial transaction tax, which in principle concern the trading layer, are nevertheless part of the settlement process, i.e. whether tax information needs to be communicated via T2S settlement instructions or not.

Other settlement-related tax issues

As an outcome of the TFAX report, a number of tax-related issues and processes were identified as affecting settlement efficiency at the cross-CSD level (and in T2S). These issues relate to the management of tax information within the settlement instructions and the tax-related segregation of accounts at the CSD level. The HSG will raise these issues in the context of the EPTG's work since harmonisation standards in these areas cannot be agreed and endorsed at the T2S Community level (without prior approval of the relevant public authorities).

T2S markets' compliance status

Monitoring has not yet started.

No substantial risks for the T2S launch have been identified. Nevertheless, should no resolution be found on the matter, there may be an impact on settlement efficiency in the affected markets.

Monitoring

Implementation date	T2S launch date: June 2015
Monitoring actors	National and EU regulators
Monitoring process	National and EU regulators

²⁸ For further information, visit http://ec.europa.eu/taxation_customs/taxation/other_taxes/financial_sector/index_en.htm.



4.5 Cross-border shareholder transparency

Activity description

In most EU countries there are efficient models for identifying domestic shareholders. However, there is no common European model for enabling issuers to identify their owners in a cross-border (and T2S) holding.

Activity status

This issue was addressed by a dedicated group (Task Force on Shareholder Transparency)²⁹ set up by the AG in December 2009. The task force, mandated to analyse shareholder visibility in view of fostering market harmonisation and European integration, presented its final report to the AG in March 2011. The report included a description of decentralised and centralised technical models for exchanging shareholder information on a cross-border basis, as well as the following proposals:

- a proposal for a disclosure request/response message standard to be considered by the ISO community;
- a proposal to amend the Transparency Directive to facilitate exchange of shareholder information on a cross-border basis;
- a proposal for market practices for exchanging shareholders' disclosure requests and responses (including an arrangement for cooperation between CSDs).

The conclusions of the task force were supported by the vast majority of the AG. Since March 2011 the following developments have taken place.

- The ISO Maintenance Committee discussed the request for the disclosure standard in August 2011. It was agreed that these messages should be built as new ISO 20022 messages. However, the consultation carried out at the time did not present a strong enough business case for the creation of dedicated messages to address shareholder transparency issues. Hence, no progress has been made in this area.
- As mentioned by the Commission services in the context of the HSG's work, the legal amendments proposed by the T2S task force may be considered by the Commission in the context of the SLL rather than the Transparency Directive.
- Regarding the market standards for sharing shareholder data, ECSDA clarified to the HSG that further work on these proposals is not a priority for the Association's agenda.

The issue is included in the EPTG's action list. In the second quarter of 2013, an EPTG substructure is expected to reactivate the work done by the T2S task force on this matter.

T2S markets' compliance status

Definition is not complete and no standards have been endorsed yet. Monitoring has therefore not yet started.

No risks for T2S settlement efficiency and launch have been identified.

Monitoring

Implementation date	Pending EPTG outcome
Monitoring actors	Pending EPTG outcome
Monitoring process	Pending EPTG outcome

²⁹ More information on the task force is available at <http://www.ecb.europa.eu/paym/t2s/governance/ag/html/subtrans/index.en.html>.

4.6 Market access and interoperability

Activity description

The activity covers market practices or legislation that obligate (or restrict) the settlement of (stock exchange and/or central counterparty-cleared) transactions in a specific issuer CSD. The consequence for foreign investors, custodians and/or investor CSDs in such [issuer] markets is that access to settlement flows is restricted owing to the unfair competitive advantages established in those issuer markets. The restriction implies that entities wishing to offer settlement services on these securities need to become participants in the issuer CSD or central counterparty.

The issue has no impact on T2S settlement processes, but it is important for competition and CSD access conditions in T2S-relevant markets.

Activity status

At the moment, the key initiative in this area is the CSDR which covers the market access topic and provides for additional technical standards at level 2 legislation. Owing to the expected delay in the CSDR adoption process [as of the end of February 2013], the AG has assigned a red status to the definition process of this harmonisation activity (see Annex 3).

T2S markets' compliance status

Should restrictions on market access remain by the time of the T2S launch, this will result in limited competition and choice for market participants and infrastructures in the T2S framework.

Monitoring

Implementation date	Pending EPTG outcome
Monitoring actors	Pending EPTG outcome
Monitoring process	Pending EPTG outcome

4.7 Securities amount data

Activity description

This activity aims to address the absence of a standardised practice across all T2S markets for defining securities amount data (face value/ nominal amount vs. quantity/units) in the trading, clearing and settlement chain.

The non-standardisation of securities quantity data has no impact on T2S settlement as long as for each ISIN in T2S only one rule is used (either nominal amount (FAMT) or quantity/units (UNIT)).³⁰ However, the current practices in some markets may create difficulties for foreign entities (investor CSDs, custodians) that wish to offer services on securities in those markets.

The current standard market practice in the EU is to use nominal value for debt instruments and units for non-debt instruments (i.e. debt instruments in FAMT and equities in UNIT).

³⁰ For each T2S settlement instruction, T2S will verify whether the type of settlement amount in the settlement instruction (face amount or number of units) matches the type of amount as defined for the given ISIN in the T2S static data. This would make it impossible for a T2S actor to instruct T2S both in nominal amount (FAMT) and units (UNIT) for the same ISIN. One of these settlement amount types only must be selected in advance for each ISIN.



The objective of this activity is to ensure that all T2S markets are aligned with the EU's standard practice.

Activity status

In September 2011 the AG agreed: i) to add the issue to the T2S harmonisation list; ii) to support the definition of a harmonised practice for all T2S markets; and iii) to escalate the issue to the NUGs and, if required, to national regulators.

T2S markets' compliance status

There seem to be only a few exceptions to the standard market practice in the EU. However, if this issue is not resolved prior to the T2S launch, it may result in failed T2S validation of the settlement instructions related to the markets that are not aligned to the EU standard.

Blue implementation status is assigned to T2S markets that are already compliant with EU market practice.

Green status reflects non-compliance at the moment, but that there is a plan in place for achieving compliance prior to the T2S testing phase (SP8 – October 2014). Yellow reflects compliance by the migration date, but some market practice or regulatory change has still to be agreed/introduced in the national market.

Blue	AT, BE (Euroclear), BE (NBB-SSS), CH, DE, DK, EE, ES, FR, GR (BOGS), HU, IT, LT, LU (LUX CSD), LU (VP LUX), MT, NL, RO, SI
Green	PT
Yellow	FI, SK
Red	None

Information input: SP2 and bilateral discussions.

For details on the compliance status colour methodology, please refer to Annex 1.
For detailed explanations per T2S market, please refer to Annex 5.

Monitoring

Implementation date	SP 8: 01/10/2014, start of bilateral interoperability testing
Monitoring actors	T2S team, NUGs
Monitoring process	<p><i>SP2: 10/08/2012, feasibility confirmation by CSDs and national central banks</i></p> <p>Compliance was monitored by the T2S team as part of the CSD/central bank feasibility assessment process (SP2).</p> <p><i>SP3: Q2 2013, T2S Programme Plan comprehensiveness</i></p> <p>The objective of this checkpoint is to verify that each T2S client has conducted an internal impact assessment for their own project plan (including harmonisation standards).</p> <p><i>Other relevant dates</i></p> <p>Based on the CSDs' detailed adaptation plans, there will be specific checkpoints between SP2 and SP8.</p> <p>The NUGs should assist the T2S team in monitoring compliance and coordinating the overall interaction with the relevant national markets.</p>

Annex 1: Methodology

The following methodology is used for compiling the deliverables of the HSG to the AG (Progress Report, T2S harmonisation list and status update dashboard).

Harmonisation activities

A harmonisation activity is a task that needs to be completed in order to remove a barrier to smooth cross-CSD settlement. Some activities are grouped under broader areas.

Example

Area: Legal harmonisation

Activities: SF I, SF II, SFIII, outsourcing, conflicts of law

Prioritisation of activities

The AG agreed to prioritise the T2S harmonisation work as outlined below.

Priority 1: Activities necessary for a successful launch of T2S. The HSG and T2S team focus their resources in these activities.

The fact that an activity is assigned priority 1 does not imply that the HSG will be the key definition or monitoring actor (e.g. T2S ISO messages, legal harmonisation).

Priority 2: Activities beneficial for the market, but not necessary for the launch of T2S. The HSG and AG only monitor progress in these activities.

Even for activities classified as priority 2, the AG/HSG/T2S team have an interest in maintaining regular contact with the relevant actors, since these activities might bring substantial benefits to T2S operations (e.g. tax procedures).

Harmonisation phases

There are three harmonisation processes/phases for each activity/issue in the T2S harmonisation list in Annex 2: definition, monitoring and implementation. Each phase corresponds to a different aim/question.

Definition: This refers to the T2S (or, where relevant, wider European) standards/rules definition process. What are the standards and who is responsible for defining them?

Monitoring: What is the monitoring framework and who are the actors responsible for monitoring that T2S actors comply with the harmonisation standards/rules?

Implementation: This phase/process refers to the T2S markets' compliance with the relevant harmonisation standards. What is the process, and who ultimately needs to implement changes and adapt to the harmonisation standards/rules?

Responsible actors

For each process/phase, clear responsible actors and concrete deadlines are proposed.

- **Definition actors:** entities responsible for defining the standard (e.g. the AG supported by CASG in the case of the T2S corporate actions standards)
- **Monitoring actors:** entities responsible for monitoring that T2S actors are complying with the standard (e.g. the AG supported by CASG in the case of the T2S corporate actions standards)
- **Implementation actors:** entities responsible for ultimately implementing changes and adapting to the standard (e.g. CSDs, their participants and perhaps regulators in the case of the T2S corporate actions standards)



Dates

A deadline for completion is set for each phase (i.e. an SP for most technical standards, and the T2S launch date/migration date for legal harmonisation items).

Status assessment

A specific colour, based on a four-colour scheme, is displayed in the status update dashboard to reflect the progress in each process (definition, monitoring and compliance).

Colour	Description
BLUE	<p>Compliance</p> <p>The T2S market has achieved full compliance with the harmonisation standard. Further monitoring of the market is no longer necessary regarding the specific harmonisation activity.</p>
GREEN	<p>Definition</p> <p>The relevant stakeholder bodies (in or outside T2S) have defined and agreed/endorsed the standards for the harmonisation activity.</p> <p>Monitoring</p> <p>The monitoring actors (in or outside T2S) have defined and implemented a framework for monitoring and reporting progress on the T2S markets' compliance with the harmonisation standard. The T2S markets report regularly to the responsible stakeholder bodies.</p> <p>Compliance</p> <p>The T2S market has established a plan to implement the harmonisation standard, and the steps required to implement the harmonisation standard are on schedule. There are no major technical, regulatory or legal barriers to overcome (no changes in regulations/laws or major technical adaptations), but the market must still undertake activities to implement the harmonisation standard. For example, there may be a need to introduce changes in the rules of the CSD and this may require the approval of the national regulator, but no obstacles have been identified in the process so far and there are clear and public dates for implementation.</p>
YELLOW	<p>Definition</p> <p>Open issues remain concerning the definition and agreement of the standards for the harmonisation activity by the relevant stakeholder bodies (in or outside T2S). However, stakeholders have agreed a roadmap and an approach to resolve pending issues to achieve agreement on the standard.</p> <p>Monitoring</p> <p>The monitoring actors (in or outside T2S) have defined and implemented a framework for monitoring and reporting progress on the T2S markets' compliance with the harmonisation standard. The T2S markets report irregularly to the monitoring bodies.</p> <p>Compliance</p> <p>The T2S market has a plan to implement the harmonisation standard. There are technical, regulatory or legal barriers to overcome in order to achieve compliance (need for changes in rules/laws or major technical adaptations). For example, it may not be clear whether regulatory approval is required or there are publicly announced dates for implementation.</p>

RED	Definition
	Relevant stakeholder bodies (in or outside T2S) have not reached an agreement on the definition of the standard, and stakeholders have not agreed a roadmap and an approach to achieve agreement on the standard. Stakeholders have not agreed a formal plan to achieve compliance with the standards.
	Monitoring
	The monitoring stakeholders have not defined and/or not implemented a framework for monitoring and reporting progress on the T2S markets' compliance with the harmonisation standard.
	Compliance
	The T2S market does not have a roadmap to implement the harmonisation standard, or is facing a significant delay in its plan to implement the harmonisation standard. The T2S market will not be able to implement the required scope by the deadline if it does not undertake measures to resolve open issues, and/or to introduce major technical, regulatory and/or legal changes. Typical examples are technical changes or market practices that may have changes in national legislation and regulation as prerequisites.
	Furthermore, any T2S market not reporting on its compliance with the harmonisation standard, or not participating in a relevant monitoring process, receives a red status.

Monitoring methodology³¹

The HSG only monitors T2S harmonisation activities for which the definition process is complete, i.e. a standard/rule/agreement has been defined and endorsed by the relevant actors. The endorsement may come from the AG (e.g. T2S corporate actions standards) or from EU authorities (e.g. the CSDR).

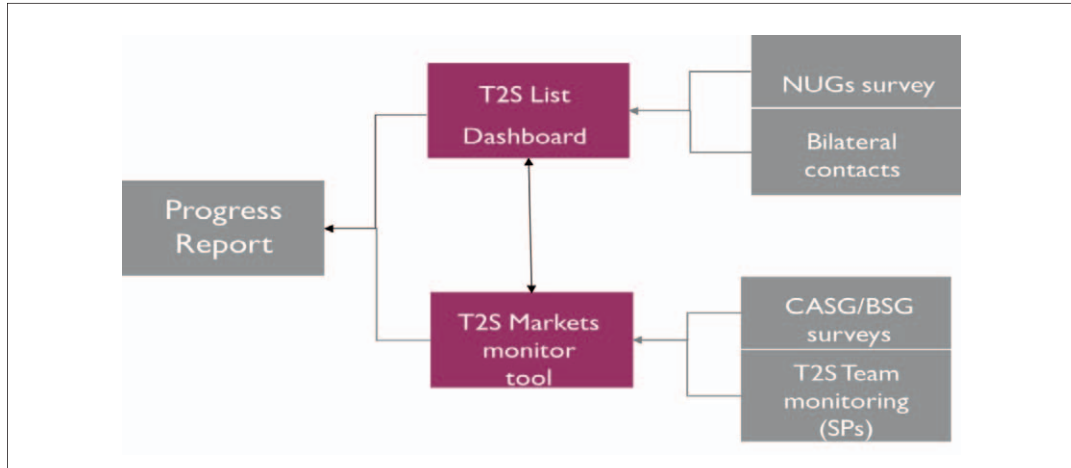
Once the definition process is complete, the HSG – with the help of the T2S team – launches the monitoring process. The T2S harmonisation team acts as the contact point or secretariat for this process.

For each of the T2S harmonisation activities covered in this report, there is a section on monitoring. This section has three key elements:

- the implementation date, which describes by when the standard/agreement needs to be implemented by the T2S markets (e.g. SP8 – Oct 2014);
- the monitoring actors, i.e. who is performing the monitoring process (e.g. T2S team, NUGs);
- the monitoring process, which describes what the process consists of (e.g. NUG surveys, CASG surveys, T2S actors' feasibility assessments).

The information provided for individual T2S markets and activities may stem from more than one source. For example, T2S NUGs provided information on SF II and SF III, but this point was also covered by most T2S actors in their feasibility assessments sent to the T2S team. As shown in Diagram 1, the different input channels (NUG surveys, CASG/CAJWG surveys, bilateral contacts and SP reporting) feed into the different monitoring tools (dashboard and market implementation tool), and are finally summarised in the AG's Harmonisation Progress Report.

³¹ As agreed by the AG on 27 March 2012.

Diagram 1: Information channels for monitoring T2S harmonisation

In this report, the compliance status is presented by market (rather than by CSD). Compliance usually depends on national market practice, specificities or even regulation rather than on the CSD's business model. In markets with more than one CSD, the name of the relevant CSD is used in order to flag differing progress in implementation.

Annex 2: T2S harmonisation list v. 3.1

Activity	Objective	Definition	Monitoring	Implementation	Comments
PRIORITY 1					
1 T2S ISO 20022 messages	To define and implement the T2S ISO 20022 messages	Actor: AG (Sub-group on Message Standardisation), 4CB Delivery date: September 2012 (UDFS v1.2.1) Status: COMPLETE. The full catalogue of ISO 20022-compliant T2S messages (130 messages in total) is now part of UDFS v1.2.1 (September 2012).	Actor: NUGs, T2S team Status: Compliance was monitored by the ECB's T2S team as part of the CSD/central bank feasibility assessment process (SP2 ³²). Monitoring will continue in the context of SP3 and until SP8.	Actor: CSDs Target date: SP8 – start of interoperability testing (01/10/2014)	T2S markets' feasibility assessments (SP2) show that plans are in place to achieve a high level of compliance by the testing phase.
2 T2S matching fields	To agree on a single list of T2S matching fields.	Actor: AG (T2S team, HSG, TFAX) Delivery date: September 2012 (UDFS v1.2.1) Status: COMPLETE. Further work on the use of non-mandatory fields to be initiated in 2013.	Actor: NUGs, T2S team Status: Compliance was monitored by the ECB's T2S team as part of the CSD/central bank feasibility assessment process (SP2).	Actor: CSDs Target date: SP8 – start of interoperability testing (01/10/2014) Monitoring will continue in the context of SP3 and until SP8.	The AG approved optional matching fields (March 2011). Work on harmonised market use of T2S optional matching fields will start once CSDs have finalised adaptation plans. The CSD feasibility assessments showed that there is already a good level of compliance.
3 Interaction with T2S (local registration procedures)	To define and implement T2S best market practice regarding the management of registration information in T2S markets. To ensure that registration procedures do not interrupt straight-through processing in T2S and do not hamper smooth cross-CSD settlement in T2S.	Actor: AG (TFAX, HSG) Delivery date: 6 Feb 2013 (the AG endorsed the market practice proposed by TFAX) Status: COMPLETE. The AG agreed that T2S settlement should not be used as a means of passing registration details.	Actor: AG (HSG, NUGs) Status: To start within first half of 2013. HSG to launch survey with NUGs and CSDs.	Actor: T2S markets, CSDs Target date: SP8 – start of interoperability testing (01/10/2014)	TFAX analysis showed that passing registration data via T2S implies complexities and confidentiality issues and in addition it is not possible in all settlement scenarios.
4 Interaction with T2S (tax requirements)	To define and implement T2S best market practice for the management of transaction tax information cross-border.	Actor: AG (TFAX, HSG) Delivery date: 6 Feb 2013 (the AG endorsed the market practice proposed by TFAX) Status: COMPLETE. The AG agreed that no tax-related information should be included in T2S settlement messages (for either intra- or cross-CSD transactions).	Actor: AG (HSG, NUGs) Status: To start within first half of 2013. HSG to launch survey with NUGs and CSDs.	Actor: T2S markets, CSDs Target date: SP8 – start of interoperability testing (01/10/2014)	TFAX analysis showed that passing tax information via T2S is complex and has a number of drawbacks.

44 32 SP stands for T2S Planning Synchronisation Point: milestones that seeks to ensure the alignment of the readiness status of a CSD with the T2S Programme Plan at key stages of the project by determining whether the stakeholders deliver what they expect from each other at specific points in time.



Activity	Objective	Definition	Monitoring	Implementation	Comments
5 Interaction with T2S (CSD ancillary services)	To define and implement T2S best market practice for interacting with T2S in the context of specific CSD ancillary services.	Actor: AG (TFAX, HSG); 6 Feb 2013 (the AG endorsed the market practice proposed by TFAX) Status: COMPLETE. AG agreement: Portfolio transfer information to be exchanged outside T2S (either between custodians or via CSDs). CSDs to use T2S allegation messages to trigger validation of bond stripping/reconstitution instructions.	Actor: AG (HSG, NUGs) Status: To start within first half of 2013. HSG to launch survey with NUGs and CSDs.	Actor: T2S markets, CSDs Target date: SP8 – start of interoperability testing (01/10/2014)	
6 T2S schedule for the settlement day and calendar Divergent operating hours and deadlines across T2S markets.	To clarify the details of the single T2S schedule for the settlement day and single calendar per currency.	Actor: AG (T2S schedule workshop) Status: COMPLETE. A detailed description of the T2S schedule for the settlement day is included in UDFS v. 1.2.1 (September 2012).	Actor: NUGs, T2S team Status: Compliance was monitored by the ECB's T2S team as part of the CSD/central bank feasibility assessment process (SP2). Monitoring will continue in the context of SP3 and until SP8.	Actor: CSDs Target date: SP8 – start of interoperability testing (01/10/2014)	
7 T2S corporate actions standards	To define and implement standards for CSDs' interaction with T2S as regards the settlement of corporate actions on flows (pending instructions).	Actor: AG (CASG) Status: COMPLETE. CASG standards were approved by the AG in 2009 (and updated in March 2011 and March 2012). Some editing updates to buyer protection standards were approved by the AG in March 2012.	Actor: CASG, NUGs Status: CASG survey (September 2012) showed there is still a low level of compliance with T2S corporate actions standards among T2S markets/CSDs. The next survey is planned for the second quarter of 2013.	Actor: CSDs Target date: SP8 – start of interoperability testing (01/10/2014)	2012 survey results: All T2S markets replied. Overall compliance levels remain similar to last year, i.e. still low. However, the survey showed increased awareness of the standards and a willingness to implement them before the T2S launch. Owing to some revisions in the underlying corporate actions market standards, the T2S corporate actions standards might need to be updated before the next gap analysis.

Activity	Objective	Definition	Monitoring	Implementation	Comments
<p>8</p> <p>Settlement Finality I: moment of entry of a transfer order into the system (Settlement Finality Directive, Art. 3). Divergent rules for defining SF I are still in place in T2S markets. A harmonised rule will provide protection against the spillover effects of insolvency of participants in other CSDs (linked CSDs in T2S).</p>	<p>To agree on a common SF I rule applicable for all CSDs connected to T2S, and to ensure compliance.</p>	<p>Actor: AG (HSG), CSG Delivery date: Second quarter of 2013 Status: IN PROGRESS. Art. 21/para. 4 of the T2S Framework Agreement indicates the need to agree on a common rule, but does not provide the rule. See also the Settlement Finality Directive (2009), Art.3; ESCB/ CESR recommendation 1 for SSSs (2009); CPSS/IOSCO principles 1 and 8 (2012); CSDR proposal (2012), Art. 36/3 and 45/a. The future CSDR may include provisions on SFI, in particular requiring interoperable systems to put in place harmonised rules on SFI. However, the CSDR is not intended to provide such harmonised rules in general.</p>	<p>Actor: HSG, T2S team, NUGs, CSG Status: Not yet initiated.</p>	<p>Actor: National legislators, regulators and CSDs Target date: T2S migration date (depending on migration wave)</p>	<p>The HSG sent a proposal to the CSG in July 2012. In November 2012 the CSG established a task force to agree on a harmonised standard. A proposal to the HSG is expected in the first quarter of 2013.</p>
<p>9</p> <p>Settlement Finality II: irrevocability of transfer orders. Elimination of the risk of transfer order revocation (Settlement Finality Directive, Art. 5).</p>	<p>To monitor CSDs' compliance with the transfer order irrevocability rule laid down in the URD (in T2S, no unilateral cancellation is possible after matching).</p>	<p>Actor: AG (HSG), T2S team, NUGs Status: COMPLETE. Rule included in the T2S URD. Also covered in the T2S Framework Agreement, Art. 21/ para. 4. See also the Settlement Finality Directive (2009), Art. 5; ESCB/ CESR recommendations 1 and 8 for SSSs (2009); CPSS/IOSCO principles 1 and 8 (2012); CSDR proposal (2012), Art. 36/3 and 45/8. The future CSDR may include provisions on SF II, in particular requiring interoperable systems to put in place harmonised rules on SF II. However, the CSDR is not intended to provide such harmonised rules in general.</p>	<p>Actor: T2S team, NUGs Status: T2S-relevant market status as of 2011 was presented to the AG in March 2012. Compliance was monitored by the T2S team via the NUGs and as part of the CSD/central bank feasibility assessment process (SP2). Monitoring will continue in the context of SP3 and up until SP8.</p>	<p>Actor: CSDs, regulators Target date: T2S migration date (depending on migration wave)</p>	<p>Most T2S markets are either in line with SF II or demonstrate a clear intention to adapt to the T2S rule. However, it is important to monitor that CSDs' regulatory environments are updated accordingly</p>



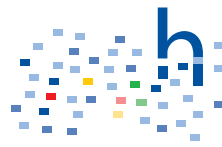
Activity	Objective	Definition	Monitoring	Implementation	Comments
<p>10</p> <p>Settlement Finality III: irrevocability of securities transfers. In order to facilitate legally sound, seamless cross-border DvP settlement, CSDs participating in T2S must recognise account entries in T2S as unconditional, irrevocable and enforceable.</p>	<p>To ensure compliance with the T2S SF III rule (i.e. bookings in securities accounts maintained in T2S are unconditional, irrevocable and enforceable).</p>	<p>Actor: CSG, HSG, T2S team Definition delivery date: 2011 Status: COMPLETE. Established in Art. 21/para. 4 of the T2S Framework Agreement. See also ESCB/CESR recommendations 1 and 8 for SSSs (2009), CPSS/IOSCO principles 1 and 8 (2012); CSDR proposal (2012), Art. 36/3 and 45/8. The future CSDR may include provisions on SF III, in particular requiring interoperable systems to put in place harmonised rules on SF III. However, the CSDR is not intended to provide such harmonised rules in general</p>	<p>Actor: T2S team Status: Compliance was monitored by the T2S team as part of the CSD/central bank feasibility assessment process (SP2), but information is missing regarding most T2S markets. The HSG ran a survey with NUGs and CSDs (Dec 2012-Jan 2013) to enhance understanding of the criteria for SF III compliance and ensure consistent monitoring. Monitoring will continue in the context of SP3 and until SP8, as well as via NUG surveys.</p>	<p>Actor: National legislators, regulators, CSDs Target date: T2S migration date (depending on migration wave) no decision</p>	
<p>11</p> <p>Law applicable/conflicts of law This issue refers to the law applicable to the creation of rights and transfers of securities.</p>	<p>To clearly determine a harmonised rule (compatible with the set-up of T2S) for the location of securities accounts in cross-border settlement, so as to mitigate legal risk for CSD link arrangements (particularly in T2S).</p>	<p>Actor: European Commission, EU legislators, ESMA Delivery date: Mid-2013 (CSDR adoption) and first half of 2013 (SLL proposal) Status: IN PROGRESS. This issue will be addressed by the SLL. Parts of the topic might also be included in the CSDR.</p>	<p>Actor: HSG, T2S team Status: Not yet initiated.</p>	<p>Actor: National legislators, regulators and CSDs Target date: June 2015 (T2S launch)</p>	<p>Owing to the expected delay in CSDR adoption, the AG has assigned red status to the definition process for this activity. The T2S team is preparing a note to the HSG and the AG on risks for T2S if the SLL is not implemented before the T2S launch (to be delivered in the second quarter of 2013). The TFAX report (2012) also includes proposals for further harmonisation of ownership rights creation during the settlement process.</p>

Activity	Objective	Definition	Monitoring	Implementation	Comments
12 IT outsourcing (settlement services) The outsourcing of settlement services to T2S requires approval by the relevant regulator, subject to the applicable national laws and regulations. Some national legislation/regulations in the EU either prohibit or hamper the outsourcing of settlement services.	To ensure that all CSDs are granted authorisation on time for the T2S launch.	Actor: European Commission, EU legislators Delivery date: Mid-2013 (CSDR adoption) Status: IN PROGRESS. A provision is included in the Commission's CSDR proposal (authorising IT outsourcing by CSDs to public entities).	Actor: T2S team Status: Not yet initiated.	Actor: National legislators, ESMA regulators and CSDs	Owing to the expected delay in CSDR adoption, the AG has assigned red status to the definition process for this activity. So far, no T2S markets have identified any regulatory or legal barriers to outsourcing certain CSD services to T2S. However, there might be the need to clarify and harmonise some CSDs' regulatory rules or legislation on outsourcing.
13 Settlement discipline regime Broadly defined as the agreed market standards (or practice) to achieve timely matching and settlement of securities transactions and to prevent/reduce fails.	To agree on a single EU settlement discipline regime, so as to ensure a level playing field for CSDs and avoid regulatory arbitrage.	Actor: European Commission, EU legislators, ESMA/ESCB Delivery date: Mid-2013 (CSDR adoption) Status: IN PROGRESS. The principle of establishing a common framework is part of the CSDR proposal. ESMA/the ESCB will provide the related technical standards.	Actor: ESMA/ESCB (according to CSDR proposal) Status: Not yet initiated.	Actor: CSDs and regulators, ESCB Target date: T2S migration date (depending on migration wave)	Owing to the expected delay in CSDR adoption, the AG has assigned red status to the definition process for this activity.
14 Settlement cycles There is no harmonised settlement cycle in Europe (T+3 and T+2). This has no impact on domestic transactions, but does have an impact on cross-CSD transactions as regards aligning record dates and market deadlines when managing and instructing corporate actions on flows.	To introduce a single EU-wide settlement cycle, substantially improving the efficiency of corporate actions management in the context of T2S, and facilitating rationalisation of back-office activities in general.	Actor: European Commission (Harmonisation of Settlement Cycles Working Group), EU legislators Delivery date: Mid-2013 (CSDR adoption) Status: IN PROGRESS. The Harmonisation of Settlement Cycles Working Group recommended an EU-wide T+2 rule as part of its response to the CSDR consultation. T+2 (as a minimum standard) is part of the CSDR proposal.	Actor: National regulators, potentially AG (HSG) Status: Not yet initiated.	Actor: National regulators Target date: The current CSDR proposal requires compliance by 1 Jan 2015. From a T2S perspective, the target is June 2015 (T2S launch).	Owing to the expected delay in CSDR adoption, the AG has assigned red status to the definition process for this activity.



Activity	Objective	Definition	Monitoring	Implementation	Comments
<p>15</p> <p>Availability of omnibus accounts The unavailability of omnibus accounts services from the issuer CSD does not support the concept of interoperability and market access in (and also outside) T2S.</p>	<p>Issuer CSDs to offer investor CSDs and foreign intermediaries the possibility to open omnibus accounts for cross-CSD settlement.</p>	<p>Actor: AG Delivery date: September 2011 (AG decision) Status: COMPLETE. The AG agreed on the need for issuer CSDs to offer omnibus account services to foreign participants.</p>	<p>Actor: HSG, T2S team, NUGs Status: COMPLETE. A stock-taking exercise with the NUGs was carried out in November 2011, further updated in the first quarter of 2012, and presented to the AG in March 2012. Compliance was also monitored by the T2S team as part of the CSD/central bank feasibility assessment process (SP2). All T2S markets are already compliant. No further monitoring needed.</p>	<p>Actor: Regulators, CSDs Target date: T2S migration date (depending on migration wave)</p>	
<p>16</p> <p>Restrictions on omnibus accounts The restrictions on the use of omnibus accounts and the limited services available on these accounts hamper the concept of CSD interoperability and cross-border settlement in (and also outside) T2S.</p>	<p>Issuer CSDs to offer, in addition to the possibility to open omnibus accounts, the appropriate services required by participants (e.g. withholding tax and proxy voting). Omnibus accounts should also include holdings of domicile and non-domicile investors.</p>	<p>Actor: AG Delivery date: September 2011 (AG decision) Status: COMPLETE. The AG agreed on the need for issuer CSDs to offer appropriate omnibus account services to foreign participants.</p>	<p>Actor: HSG, T2S team, NUGs Status: Compliance was monitored by the T2S team primarily via the T2S NUGs and also as part of the CSD/central bank feasibility assessment process (SP2). Monitoring will continue in the context of SP3 and until SP8. The NUG survey conducted during 2012 showed that restrictions remain in some markets relating to the availability of omnibus accounts to all (primarily domestic) investors.</p>	<p>Actor: Regulators, CSDs Target date: T2S migration date (depending on migration wave)</p>	<p>Activities 15 and 16 were treated together as a single activity in previous HSG reports. In November 2012 the AG approved the HSG's proposal to consider the mere availability of omnibus accounts and restrictions on the use of those accounts as two separate sub-items.</p>

Activity	Objective	Definition	Monitoring	Implementation	Comments
17 Registration procedures Local registration procedures may affect cross-border settlement efficiency in T2S.	To achieve full harmonisation in the management of registration procedures in T2S markets.	Actor: HSG, EPTG, ESMA Delivery date: Status: IN PROGRESS. The HSG will follow up on the TFAX's analysis and involve other harmonisation forums. Consultation with the EPTG planned for the first half of 2013.	Actor: To be defined Status: Not yet initiated.	Actor: Regulators, CSDs Target date: T2S migration date (depending on migration wave)	
18 Cash account numbers	To designate a harmonised number for DCAs in T2S, rather than using the sequential number automatically provided by the system. This will facilitate identification of account holders and providers.	Actor: AG, PSSC, T2S team Definition delivery date: 28 November 2012 (AG approval) Status: COMPLETE. The AG approved the PSSC's proposal on cash account numbers in T2S.	Actor: HSG, T2S team, ESCB Status: Not yet initiated. The first survey with national central banks is planned for the second quarter of 2013.	Actor: NCBS Target date: SP8 – start of interoperability testing (01/10/2014)	
19 Securities account numbers	To designate a harmonised number for securities accounts in T2S, rather than using the sequential number automatically provided by the system. This will facilitate identification of account holders and providers.	Actor: AG, CSG, T2S team Definition delivery date: 28 November 2012 (AG approval) Status: COMPLETE. The AG approved the CSG's proposal on securities account numbers.	Actor: T2S team, NUGs Status: Not yet initiated. First survey with CSDs planned for the second quarter of 2013.	Actor: CSDs Target date: SP8 – start of interoperability testing (01/10/2014)	
PRIORITY 2					
20 Corporate actions market standards Industry-endorsed standards on processing corporate actions (on stock, i.e. settled balances). These standards form the basis for the T2S corporate actions standards.	T2S markets/CSDs to implement the corporate actions market standards (CAJWG standards).	Actor: BSG, E-MIG Delivery date: October 2009 Status: COMPLETE.	Actor: BSG, E-MIG Status: E-MIG survey in November 2012; re-prioritisation of standards	Actor: CSDs, market participants Target date: The 2013 target date set by the BSG now seems unrealistic. From a T2S perspective, the target is SP8 – start of interoperability testing (01/10/2014)	Seven T2S markets (eight CSDs) did not participate in the November 2012 E-MIG survey. The survey shows an increased awareness of the dependency between implementation of the corporate actions market standards and the T2S equivalents.



Activity	Objective	Definition	Monitoring	Implementation	Comments
<p>21</p> <p>Place of issuance Freedom to choose issuer CSD. There are restrictions (in national law or market rules) on the place of issuance of securities and consequently on the choice of infrastructures/service providers available to issuers. This has an impact on the competition environment in which T2S will operate.</p>	<p>To remove restrictions in the EU relating to the place of issuance of securities.</p>	<p>Actor: European Commission, EU legislators Delivery date: Mid-2013 (CSDR adoption) Status: IN PROGRESS. Provisions for the removal of this barrier are included in the proposed CSDR. The AG's letter to the Commission (June 2011) and the ECB opinion on the draft CSDR (August 2012) supported this proposal.</p>	<p>Actor: European Commission, national regulators (pending CSDR) Status: Not yet initiated.</p>	<p>Actor: National legislators, regulators, CSDs Target date: June 2015 (T2S launch)</p>	<p>Owing to the expected delay in CSDR adoption, the AG has assigned red status to the definition process for this activity.</p>
<p>22</p> <p>Withholding tax procedures Giovannini barrier 11 National rules imposing on foreign intermediaries the use of a local fiscal agent to be granted withholding tax relief at source hamper the creation of a level playing field for domestic and foreign actors.</p>	<p>Withholding tax procedures should comply with the Commission's October 2009 recommendation.</p>	<p>Actor: European Commission (T-BAG) Delivery date: Oct. 2009 (European Commission's Recommendation), 2013 (T-BAG final report) Status: T-BAG is following up on the Commission's recommendation and considering any other remaining fiscal barriers affecting the post-trade environment. T-BAG's final report is expected in 2013.</p>	<p>Actor: ESMA, national regulators Status: Not yet initiated.</p>	<p>Actor: ESMA, national legislators Target date: June 2015 (T2S launch)</p>	<p>22 Member States now provide withholding tax relief at source.</p>
<p>23</p> <p>Settlement-related tax procedures Settlement-related tax procedures could create operational complexity, in particular in relation to cross-CSD settlement in T2S. Giovannini barrier 12 National provisions requiring that tax be collected via local systems hamper the creation of a level playing field for domestic and foreign investors. Financial transaction tax The European Commission published on 14/02/2013 a proposal for the introduction of a common financial transaction tax system in 11 EU Member States (DE, FR, AU, BE, PT, SI, GR, IT, ES, SK, EE). Other settlement-related tax issues Other issues were identified by the TFX (relating to the management of tax information within settlement instructions and the tax-related segregation of accounts at CSD level).</p>	<p>Procedures for collecting transactions taxes should be harmonised in the EU. To analyse the possible impact on T2S of the introduction of a financial transaction tax. To raise other potential issues to the EPTG.</p>	<p>Actor: European Commission, national regulators Status: Not yet initiated.</p>	<p>Actor: T2S team, NUGs Status: Not yet initiated. First survey with CSDs planned for the second quarter of 2013.</p>	<p>Actor: Member States (national legislators) Target date: June 2015 (T2S launch)</p>	<p>According to the Commission, any urgent problems identified by FISCO have, in general, already been solved by the Member States. T2S harmonisation activity 3.1.4 covers part of this topic. (provision of transaction-related information that would allow for correct tax processing at the point of settlement).</p>

Activity	Objective	Definition	Monitoring	Implementation	Comments
<p>24</p> <p>Cross-border shareholder transparency There is no European model for enabling issuers to identify their owners in a cross-border (and T2S) holding.</p>	<p>To define a European model for the cross-border exchange of shareholder information.</p>	<p>Actor: T2S Task Force on Shareholder Transparency, SWIFT, ISO Maintenance Group, EPTG Delivery Date: March 2011 (Task Force proposal) – still to be endorsed by the AG and the industry. Status: IN PROGRESS. In March 2011 the majority of the AG approved the final proposals of the Task Force on Shareholder Transparency, but no formal endorsement was given. In August 2011 the ISO Maintenance Group approved the need for shareholder disclosure messages in ISO 20022. Because a sufficient business case was not put forward, no progress has been made. The proposal for legal harmonisation was shared with the European Commission. This topic has been included in the EPTG's list. An EPTG sub-structure is to be set up in the second quarter of 2013 to address the matter.</p>	<p>Actor: Pending outcome of the EPTG's work Status: Not yet initiated.</p>	<p>Actor: To be defined Target date: A centralised solution in T2S is not relevant for the T2S launch (possibly relevant for the launch of T2S version 2).</p>	
<p>25</p> <p>Market access and interoperability Despite the adoption of the MiFID/Code of Conduct, there are, in practice, many protective national barriers in place, obligating (or restricting) the settlement of (stock exchange and/or central counterparty-cleared) transactions in a specific issuer CSD.</p>	<p>To establish the conditions for foreign actors to access the local market at all stages of the transaction chain (trading, clearing and settlement).</p>	<p>Actors: European Commission, EU legislators, ESMA Delivery date: Mid-2013 (CSDR adoption) Status: IN PROGRESS. CSDR/EMIR/MIFID all cover some high-level principles on market access. ESMA will work on level 2 legislation for all these initiatives.</p>	<p>Actors: Pending CSDR Status: To be initiated after publication of the final CSDR.</p>	<p>Actors: ESMA Target date: June 2015 (T2S launch)</p>	<p>Owing to the expected delay in CSDR adoption, the AG has assigned red status to the definition process for this activity. Should restrictions on market access remain by the time of the T2S launch, this will result in limited competition and choice for market participants and infrastructures in the T2S framework.</p>



Activity	Objective	Definition	Monitoring	Implementation	Comments
<p>26</p> <p>Securities amount data</p> <p>A few EU markets deviate from the EU standard market practice of using nominal value for debt instruments and units for equities.</p> <p>In T2S it will be possible to define only one option for the type of settlement amount data for each ISIN (either in units or nominal amount).</p>	<p>To ensure that all T2S markets are in line with EU standard practice (i.e. nominal value for debt instruments and units for non-debt instruments).</p>	<p>Actor: AG (T2S team, NUGs)</p> <p>Delivery date: September 2011 (AG decision)</p> <p>Status: COMPLETE.</p>	<p>Actor: NUGs, T2S team</p> <p>Status: A stock-taking exercise with the NUGs was conducted in the first quarter of 2012 and presented to the AG in March 2012.</p> <p>Compliance was monitored by the T2S team via the NUGs and as part of the CSD/central bank feasibility assessment process (SP2). Monitoring will continue in the context of SP3 and until SP8.</p>	<p>Actor: National regulators</p> <p>Target date: SP8 – start of interoperability testing (01/10/2014)</p>	<p>A limited number of markets do not yet comply with EU market practice (FI, PT, PL, SK). No resolution before the T2S launch may result in failed T2S validation of instructions related to these four markets.</p>

Annex 3: Harmonisation activities dashboard

Table 2 provides a high-level overview of the definition, monitoring and implementation status per T2S harmonisation activity. It is a summary of the T2S markets' results as shown in Table 4 (Annex 4). For example, the green status assigned to almost all T2S markets in Table 4, gives a green status overall for activity 1 (T2S ISO 20022 messages) in Table 2.

Table 2. Status update per T2S harmonisation activity (status: 28/02/2013)

ACTIVITIES – PRIORITY 1		DEFINITION	MONITOR	COMPLIANCE	
1	T2S MESSAGES	T2S ISO 20022 messages	G	G	G
2		T2S matching fields	G	G	Y
3		Interaction for registration	G	Y	X
4		Interaction for tax info	G	Y	X
5		Interaction for CSD ancillary services	G	Y	X
6	SCHEDULE FOR SETTLEMENT DAY	G	G	Y	
7	T2S CORPORATE ACTIONS STANDARDS	G	G	R	
8	LEGAL HARMONISATION	Settlement Finality I (moment of entry)	Y	X	X
9		Settlement Finality II (irrevocability of transfer order)	G	G	G
10		Settlement Finality III (irrevocability of transfers)	G	G	G
11		Law applicable/conflicts of law	R	X	X
12		Outsourcing IT services	R	X	X
13	SETTLEMENT DISCIPLINE REGIME	R	X	X	
14	SETTLEMENT CYCLES	R	X	X	
15	CSD ACCOUNT STRUCTURES	Availability of omnibus accounts	G	G	B
16		Restrictions on omnibus accounts	G	G	G
17	REGISTRATION PROCEDURES	Y	X	X	
18	T2S ACCOUNTS NUMBERING	Securities accounts numbering	G	Y	X
19		Dedicated cash accounts numbering	G	Y	X
ACTIVITIES - PRIORITY 2		DEFINITION	MONITOR	COMPLIANCE	
20	CORPORATE ACTIONS MARKET STANDARDS	Corporate actions market standards (CAJWG)	G	G	R
21	PLACE OF ISSUANCE		R	X	X
22	TAX PROCEDURES	Withholding tax procedures	Y	X	X
23		Settlement-related tax procedures	Y	X	X
24	CROSS-BORDER SHAREHOLDER TRANSPARENCY		Y	X	X
25	MARKET ACCESS		R	X	X
26	SECURITIES AMOUNT DATA		G	G	G

X: Process not started yet



Table 3. Definition and monitoring progress between second and third harmonisation progress reports

Definition and Monitoring Processes

Activities (Priority 1)	Definition Process		Monitoring Process	
	2 nd Report	3 rd Report	2 nd Report	3 rd Report
T2S ISO 20022 messages	G	G	X	G
T2S matching fields	G	G	X	G
Interaction for registration	N/A	G	N/A	Y
Interaction for tax info	N/A	G	N/A	Y
Interaction for CSD ancillary services	N/A	G	N/A	Y
Schedule of settlement day	G	G	X	G
Cross CSD settlement	Y	N/A	X	N/A
T2S corporate actions standard	G	G	G	G
Settlement finality I (moment of entry)	Y	Y	X	X
Settlement finality II (irrevocability of transfer order)	G	G	G	G
Settlement finality III (irrevocability of transfers)	G	G	X	G
Law applicable/ Conflicts of Law	Y	R	X	X
Outsourcing IT services	Y	R	X	X
Settlement discipline regime	Y	R	X	X
Settlement cycles	Y	R	X	X
Availability of omnibus accounts	G	G	G	G
Restrictions on omnibus accounts	N/A	G	N/A	G
Registration procedures	Y	Y	X	X
Securities account numbering	N/A	G	N/A	Y
Dedicated cash accounts numbering	N/A	G	N/A	Y
Activities (Priority 2)	Definition Process		Monitoring Process	
	2 nd Report	3 rd Report	2 nd Report	3 rd Report
CA market (CAJWG) standards	G	G	G	G
Place of issuance	Y	R	X	X
Withholding tax procedures	Y	Y	X	X
Settlement related tax procedures	Y	Y	X	X
Cross border shareholder transparency	Y	Y	X	X
Investment funds settlement (Added)	Y	N/A	X	N/A
Market access	Y	R	X	X
CSD Ancillary Services (Added)	Y	N/A	X	N/A
Securities amount data	G	G	G	G

N/A: not applicable for the relevant report. X: Process not started yet

Table 3 presents the developments in the definition and monitoring progress between the second and third harmonisation progress reports.

Definition process

The definition process has now been completed for 57% of the activities (15 out of a total of 26), compared with 39% at the time of the second harmonisation progress report (9 out of a total of 23). Looking at the priority 1 activities, 13 out of the 19 activities have now been completed (68%), compared with 7 out of 14 (50%) at the time of the second report.

Monitoring process

The monitoring process is now established for 38% of activities (10 out of a total of 26 activities) compared with 21% (5 out of a total of 23 activities) at the time of the second harmonisation progress report. Looking at the priority 1 activities, 42% (8 out of the 19) are now being monitored, compared with 21% (3 out of 14) at the time of the second harmonisation progress report.



Annex 4: Monitored harmonisation activities per market

Colour scheme for Annexes 4 and 5: A specific colour, based on a four-colour scheme, reflects the compliance status of each T2S market for the ten monitored activities detailed in this harmonisation progress report. The compliance status applies to the national market in general and not necessarily to the relevant CSD. However, there are some markets where more than one CSD exists, with differences in the level of compliance for each CSD.

Colour	Description
BLUE	The T2S market has achieved full compliance with the harmonisation standard. Further monitoring of the market is no longer necessary regarding the specific harmonisation activity.
GREEN	The T2S market has established a plan to implement the harmonisation standard, and the steps required to implement the harmonisation standard are on schedule. There are no major technical, regulatory or legal barriers to overcome (no changes in regulations/laws or major technical adaptations), but the market still must undertake activities to implement the harmonisation standard. For example, there may be a need to introduce changes in the rules of the CSD and this may require the approval of the national regulator, but no obstacles have been identified in the process so far and there are clear and public dates for implementation.
YELLOW	The T2S market has a plan to implement the harmonisation standard. There are technical, regulatory or legal barriers to overcome in order to achieve compliance (a need for changes in rules/laws or major technical adaptations). For example, it may not be clear whether regulatory approval is required or there are publicly announced dates for implementation.
RED	<p>The T2S market does not have a roadmap to implement the harmonisation standard, or is facing a significant delay in its plan to implement the harmonisation standard. The T2S market will not be able to implement the standard to the extent required by the deadline if it does not undertake measures to resolve open issues, and/or to introduce major technical, regulatory and/or legal changes. Typical examples are technical changes or market practices that may require changes in national legislation and regulation.</p> <p>Furthermore, any T2S market not reporting on its compliance with the harmonisation standard, or not participating in a relevant monitoring process, is given a red status.</p>

Table 4. Compliance status per T2S market (Status: 28/02/2013)

T2S Markets	Priority 1						Priority 2					
	1	2	6	7	9	10	15	16	20	26		
	T2S messages ISO 20022	T2S messages Matching fields	Schedule for settlement day	T2S corporate actions standards	T2S Settlement Finality II	T2S Settlement Finality III	Availability of omnibus accounts	Restrictions on omnibus accounts	Corporate actions market standards (CAJWG) ³³	Securities amount data		
AT	G	G	G	R	B	B	B	B	G	B		
BE - Euroclear	G	G	G	G	B	G	B	B	G	B		
BE - NBB-SSS	G	G	Y	Y	G	G	B	B	R - No info	B		
CH	G	G	G	Y	Y	G	B	B	Y	B		
DE	G	R	Y	R	G	G	B	B	G	B		
DK	G	R	Y	R	B	Y	B	B	G	B		
EE	G	G	G	R	B	G	B	B	Y	B		
ES	G	G	G	Y	B	B	B	B	G	B		
FI	G	R	Y	R	B	B	B	Y	Y	Y		
FR	G	G	G	G	B	G	B	B	Y	B		
GR - BOGS	G	G	Y	Y	B	G	B	B	R - No info	B		
HU	G	G	Y	R	Y	Y	B	B	R - No info	B		
IT	G	Y	G	G	B	G	B	B	G	B		
LT	G	G	G	R	Y	Y	B	B	R - No info	B		
LU - LUX CSD	G	R	G	Y	G	G	B	B	R - No info	B		
LU - VP LUX	G	R	Y	Y	B	Y	B	B	R - No info	B		
MT	Y	Y	Y	R	Y	G	B	B	R - No info	B		
NL	G	G	G	G	B	G	B	B	G	B		
PT	G	G	G	G	G	G	B	Y	G	G		
RO	G	G	R	Y	B	G	B	B	R	B		
SI	G	G	G	Y	G	G	B	B	R	B		
SK	G	G	G	R	Y	Y	B	Y	R - No info	Y		
Summary 28/02/2013	Green: 21 Yellow: 1 Red: 0	Green: 15 Yellow: 2 Red: 5	Green: 13 Yellow: 8 Red: 1	Green: 5 Yellow: 8 Red: 9	Blue: 12 Green: 5 Yellow: 5	Blue: 3 Green: 14 Yellow: 5	Blue: 22 Yellow: 0 Red: 0	Blue: 19 Yellow: 3 Red: 0	Green: 8 Yellow: 4 Red: 10	Blue: 19 Green: 1 Yellow: 2		
Summary 25/01/2013	Green: 21 Yellow: 1 Red: 0	Green: 15 Yellow: 2 Red: 5	Green: 11 Yellow: 8 Red: 3	Green: 4 Yellow: 7 Red: 11	Blue: 12 Green: 3 Yellow: 7	Blue: 3 Green: 11 Yellow: 8	Blue: 22 Yellow: 0 Red: 0	Blue: 19 Yellow: 3 Red: 0	Green: 8 Yellow: 4 Red: 10	Blue: 19 Green: 1 Yellow: 2		

³³ The statuses regarding the compliance with the market CA standards (or CAJWG standards) are based on the November 2012 survey results BSG/E-MIG sent to the T2S Team (see Annex 5 for detailed statistics per T2S market).



Annex 5: Detailed monitoring information per T2S market

T2S Harmonisation Activities: Austria								
Activity	Sub-activity	Compliance	Status	Type of Implementation Gap	Implementation Plan/Date	Implementation Actors(s)	Further Comments	
		Indicates level of compliance with the relevant standards/rules	Green (G), yellow (Y), red (R)	If the standards/rules are not yet implemented, please specify what is the type of gap	If standards/rules are not fulfilled, please provide the timetable and various milestones/dates in the implementation plan.	Relevant national actors for implementation		
Priority 1								
T2S messages	1. T2S ISO 20022 messages	Not compliant yet	G	Straightforward to implement	SP 8: T2S testing	OeKB	Info source: SP2 and bilateral discussions	
	2. T2S matching fields	Not compliant yet	G	Straightforward to implement	SP 8: T2S testing	OeKB	Info source: SP2 and bilateral discussions	
	6. T2S schedule of settlement day	Not compliant yet	G	Straightforward to implement	Migration to T2S	OeKB	Info source: SP2 and bilateral discussions	
7. Corporate Actions T2S CA standards (59)	Market claims (27 standards)	7%	R	Regulatory/legislative change	End 2013	Austrian Corporate Actions National Implementation Group (CANIG)	Info source: CASG gap analysis survey 2012.	
	Transformations (14 standards)	0%		Major technical change	No information yet			Low rate of compliance and few details on implementation plan; legislative or market practice change required for introducing a Record Date; legislative change needed to address the information flow between issuers/issuer agents and the AT CSB.
	Buyer protection (18 standards)	39%		Major technical change				
Legal Harmonisation	9. Settlement Finality II: Irrevocability and enforceability transfer order	OK	B	Fully compliant	N/A	N/A	Info source: T2S NUGS surveys 2011 and 2012, SP2 and bilateral discussions. OeKB already complies with bilateral cancellation	
	10. Settlement Finality III: Irrevocability of securities transfers.	OK	B	Fully compliant	N/A	N/A	Info source: SP2 and bilateral discussions. No need for any changes for compliance with T2S SF III rule	
	15. Availability of omnibus accounts	OK	B	Fully compliant	N/A	N/A	Info source: T2S NUGS survey and bilateral discussions.	
CSD account structures	16. Restrictions on omnibus accounts	OK	B	Fully compliant	N/A	N/A	Info source: T2S NUGS survey and bilateral discussions	
Priority 2								
20. Corporate Actions	CA market standards (68)	72%	G	Regulatory/legislative Change	End 2013 for market claims	Austrian Corporate Actions National Implementation Group (CANIG)	Info source: BSG/E-MIG Survey (November 2012). 49 implemented, 2 in the process, 17 not met. Lack of "record date" in AT.	
	26. Securities amount static data	OK	B	Fully compliant	N/A	N/A	Info source: T2S NUGS survey and bilateral discussions. Full compliance with European market practice	

T2S Harmonisation Activities: Belgium (Euroclear)

Activity	Sub-activity	Compliance	Status	Type of Implementation Gap	Implementation Plan/Date	Implementation Actor(s)	Further Comments
Priority 1							
T2S messages	1. T2S ISO 20022 messages	Not compliant yet	G	Straight forward to implement	SP 8: T2S testing	Euroclear	Info source: SP2 and bilateral discussions. Full compliance for testing
	2. T2S matching fields	Not compliant yet	G	Straight forward to implement	SP 8: T2S testing	Euroclear	Info source: SP2, White Paper and bilateral discussions. Matching Rules that will apply are those of the T2S platform
6. T2S schedule of settlement day		Not compliant yet	G	Straight forward to implement	Migration to T2S	Euroclear	Info source: SP2 and bilateral discussions. The ESES operational day will be amended to cope with the timing of T2S. T2S accounting day will be considered the Master day.
7. Corporate Actions T2S CA standards (59)	Market claims (27 standards)	48%	G	Major technical change	Detailed implementation plan with timelines available	MIG	Info source: CASG gap analysis survey 2012. MIG is active and good progress is being made, in cooperation with other ESES markets; some standards require a major technical change but none legislative change.
	Transformations (14 standards)	29%	G	Major technical change			
	Buyer protection (18 standards)	0%	G	Other			
Legal Harmonisation	9. Settlement Finality I: Irrevocability and enforceability transfer order	OK	B	Fully compliant	N/A	N/A	Info source: T2S NUGs surveys 2011 and 2012, SP2 and bilateral discussions. EoC already complies with bilateral cancellation
	10. Settlement Finality III: Irrevocability of securities transfers.	Not compliant yet	G	May require regulatory change	Migration to T2S	Euroclear	Info source: T2S NUGs surveys 2011 and 2012, SP2 and bilateral discussions. Terms and Conditions will be updated to implement SFIII in T2S. This update will have to be presented and approved, where applicable, by the Belgian Regulator (national Bank of Belgium)
CSD account structures	15. Availability of omnibus accounts	OK	B	Fully compliant	N/A	N/A	Info source: T2S NUGs survey and bilateral discussions. There are no issues with Omnibus Accounts availability for the ESES countries
	16. Restrictions on omnibus accounts	OK	B	Fully compliant	N/A	N/A	Info source: T2S NUGs survey and bilateral discussions.
Priority 2							
20. Corporate Actions	CA market standards (68)	78%	G	Market practice change	No information yet		Info source: BSG/E-MIG Survey (November 2012). 53 implemented, 15 in the process of being implemented.
26. Securities amount static data		OK	B	Fully compliant	N/A	N/A	Info source: T2S NUGs survey and bilateral discussions. There are no issues with securities amount data for the ESES countries



T2S Harmonisation Activities: Belgium (NBB-SSS)							
Activity	Sub-activity	Compliance	Status	Type of Implementation Gap	Implementation Plan/Date	Implementation Actor(s)	Further Comments
		Indicates level of compliance with the relevant standards/rules	Green (G), yellow (Y), red (R)	If the standards/rules are not implemented, please specify what is the type of gap	If standards/rules are not fulfilled, please provide the timetable and various milestones/dates in the implementation plan.	Relevant national actors for implementation	
Priority 1							
T2S messages		Not compliant yet	G	Straight forward to implement			
	1. T2S ISO 20022 messages				Q4 2014	NBB	Info source: SP2 and bilateral discussions. NBB-SSS will fully comply with ISO 20022 from phase 1 (Q4 2014) of their adaptation to T2S. It will also provide conversion services to its participants (from 15022 to 20022) as from phase 2 (migration to T2S)
	2. T2S matching fields	Not compliant yet	G	Straight forward to implement	Q4 2014	NBB	Info source: SP2 and bilateral discussions. No major issues with T2S matching fields. NBB-SSS will implement in Q4 2014 the T2S matching rules
6. T2S schedule of settlement day		Not compliant yet	Y	capacity issue	Q4 2014	NBB	Info source: SP2 and bilateral discussions. Not yet sure that it shall always be possible to generate the corporate actions before the first cycle of the night time settlement .
7. Corporate Actions T2S CA standards (39)	Market claims (27 standards)	0%	Y	Major technical change	Investigations on new software started	NBB	Info source: CASG gap analysis survey 2012. No standards are met at the moment, but corporate action type and volume expected to be limited on NBB-SSS ISINs (government securities). Furthermore, introduction of new software is in progress which should resolve inconsistency with the standards by December 2014.
	Transformations (14 standards)	0%		Major technical change			
	Buyer protection (18 standards)	0%		Other			
Legal Harmonisation	9. Settlement Finality II: Irrevocability and enforceability transfer order	Not compliant yet	G	Not compliant yet but no regulatory change is required	Q4 2014	NBB	Info source: T2S NUGs surveys 2011 and 2012, SP2 and bilateral discussions. NBB-SSS plans to fully comply with SF II as of launch of their new platform (Q4 2014)
	10. Settlement Finality III: Irrevocability of securities transfers.	Not compliant yet	G	Not compliant yet but no regulatory change is required	Q2 2015	NBB	Info source: bilateral discussions. NBB-SSS confirmed that there is no need for regulatory change of approval for achieving compliance with T2S SF III rule.
CSD account structures	15. Availability of omnibus accounts	OK	B	Fully compliant	N/A	N/A	Info source: T2S NUGs survey and bilateral discussions. NBB-SSS offers omnibus accounts.
	16. Restrictions on omnibus accounts	OK	B	Fully compliant	N/A	N/A	Info source: T2S NUGs survey and bilateral discussions.
Priority 2							
20. Corporate Actions	CA market standards (68)	n/a	R - no info	Other	No information yet	NBB	Info source: BSG/E-MIG Survey (November 2012). T2S Team received no info from EMIG on NBB-SSS results.
26. Securities amount static data		OK	B	Fully compliant	N/A	N/A	Info source: T2S NUGs survey and bilateral discussions. NBB-SSS is in line with the European market practice.

T2S Harmonisation Activities: Switzerland (SIX SIS)						
Activity	Sub-activity	Compliance	Status	Type of Implementation Gap	Implementation Plan/Date	Further Comments
		Indicates level of compliance with the relevant standards/rules	Green (G), yellow (Y), red (R)	If the standards/rules are not yet implemented, please specify what is the type of gap	If standards/rules are not fulfilled, please provide the timetable and various milestones/dates in the implementation plan.	Relevant national actors for implementation
Priority 1						
T2S messages	1 T2S ISO 20022 messages	Not compliant yet	G	Straight forward to implement	SP 8: T2S testing	Info source: SP2 and bilateral discussions. EuroCSD will send/receive messages to/from T2S in ISO 20022 XML message standards.
	2 T2S matching fields	Not compliant yet	G	Straight forward to implement	SP 8: T2S testing	Info source: SP2 and bilateral discussions.
6. T2S schedule of settlement day		Not compliant yet	G	Straight forward to implement	Migration to T2S	Info source: SP2 and bilateral discussions. SIS will operate a schedule which will be in line with that of T2S. SIS will have its own calendar. It will be up on all days of operation of T2S.
7. Corporate Actions T2S CA standards (59)	Market claims (27 standards)	37%	Y	Straight forward to implement	November 2013	Info source: CASG gap analysis survey 2012. Good implementation plan exists however timely implementation may be jeopardised due to continued discussions in the Swiss market. All non-fulfilled standards deemed straightforward to implement; standards are strongly supported by the MIG and NUG.
	Transformations (14 standards)	14%		Straight forward to implement		
	Buyer protection (18 standards)	0%		Market practice change		
Legal Harmonisation	9. Settlement Finality I: Irrevocability and enforceability transfer order	Not compliant yet	Y	Plan to adapt to T2S SF II rule	No information yet	Info source: T2S NUGs surveys 2011 and 2012, SP2 and bilateral discussions. Already matched OTC-transactions can be unilaterally cancelled. Stock exchange transactions cannot be cancelled at all (not even bilaterally). Intention to adapt to T2S practice
	10. Settlement Finality III: Irrevocability of securities transfers.	Not compliant yet	G	Change of CSD rules	Migration to T2S	Info source: HSG SF II survey. Straightforward change of CSD rules
CSD account structures	15. Availability of omnibus accounts	OK	B	Fully compliant	N/A	Info source: T2S NUGs survey and bilateral discussions. CSD omnibus account will be used by SIS for cross CSD settlement in T2S. Multiple omnibus accounts may be required per technical issuer CSD
	16. Restrictions on omnibus accounts	OK	B	Fully compliant	N/A	Info source: T2S NUGs survey and bilateral discussions.
Priority 2						
20. Corporate Actions	CA market standards (66)	49%	Y	Straight forward to implement	November 2012	Info source: BSG/E-MIG Survey (November 2012). 33 standards already met, 8 in the process of being met and 27 not met at all
26. Securities amount static data		OK	B	Fully compliant	N/A	Info source: T2S NUGs survey and bilateral discussions. No issue on Securities Amount Data



T2S Harmonisation Activities: Germany							
Activity	Sub-activity	Compliance	Status	Type of Implementation Gap	Implementation Plan/Date	Implementation Actor(s)	Further Comments
		Indicates level of compliance with the relevant standards/rules	Green (G), yellow (Y), red (R)	If the standards/rules are not yet implemented, please specify what is the type of gap	If standards/rules are not fulfilled, please provide the timetable and various milestones/dates in the implementation plan.	Relevant national actors for implementation	
Priority 1							
T2S messages	1. T2S ISO 20022 messages	Not compliant yet	G	Straight forward to implement	SP 8: T2S testing	CBF	Info source: SP2 and bilateral discussions.
	2. T2S matching fields	Not compliant yet	R	Major technical change	No information yet	CBF	Info source: SP2 and bilateral discussions. Serious issues with matching fields in T2S. Pending progress on CR and HSG work
	6. T2S schedule of settlement day	Not compliant yet	Y	Change of market practice	Migration to T2S	CBF	Info source: SP2 and bilateral discussions. No major issue with timing of T2S Start of Day. Issues relating to specific ISINs need to be examined
7. Corporate Actions T2S CA standards (59)	Market claims (27 standards)	52%	R	Legislative change		DESSUG/National authorities	Info source: CASG gap analysis survey 2012. Declining rate of compliance since last year. Legislative change is required for introducing a Record Date in German market. Furthermore the implementation of this change is uncertain and may not be on time.
	Transformations (14 standards)	50%		Legislative change	No information yet		
	Buyer protection (18 standards)	0%		Market practice change			
Legal Harmonisation	9. Settlement Finality II: Irrevocability and enforceability transfer order	Not compliant yet	G	Straight forward to implement	Migration to T2S	CBF	Info source: T2S NUGS surveys 2011 and 2012, SP2 and bilateral discussions. The bilateral cancellation principle will have been introduced to the German market By the Clearstream migration date in T2S
	10. Settlement Finality III: Irrevocability of securities transfers.	Not compliant yet	G	Straight forward to implement	Migration to T2S	CBF	Info source: Survey on T2S settlement finality rule III. Need for changes in the CSD rules only
CSD account structures	15. Availability of omnibus accounts	OK	B	Fully compliant	N/A	N/A	Info source: T2S NUGS survey and bilateral discussions.
	16. Restrictions on omnibus accounts	OK	B	Fully compliant	N/A	N/A	Info source: T2S NUGS survey and bilateral discussions.
Priority 2							
20. Corporate Actions	CA market standards (68)	76%	G	Regulatory/legislative change			Info source: BSG/E-MIG Survey (November 2012). 52 standards already met, 3 in the process of being met and 13 not met at all. Major issue is the lack of "record date".
26. Securities amount static data		OK	B	Fully compliant	N/A	N/A	Info source: T2S NUGS survey and bilateral discussions.

T2S Harmonisation Activities: Denmark							
Activity	Sub-activity	Compliance	Status	Type of Implementation Gap	Implementation Plan/Date	Implementation Actor(s)	Further Comments
		Indicates level of compliance with the relevant standards/rules	Green (G), yellow (Y), red (R)	If the standards/rules are not yet implemented, please specify what is the type of gap	If standards/rules are not fulfilled, please provide the timetable and various milestones/dates in the implementation plan.	Relevant national actors for implementation	
Priority 1							
T2S messages	1. T2S ISO 20022 messages	Not compliant yet	G	Straight forward to implement	SP 8: T2S testing	VP	Info source: SP2 and bilateral discussions. VP is planning to use standards specified in the T2S ISO 20022 information management services of the UDFS
	2. T2S matching fields	Not compliant yet	R	Major technical change	No information yet	VP	Info source: SP2 and bilateral discussions. VP has reported a key issue with the lack of certain information in the T2S matching process
6. T2S schedule of settlement day		Not compliant yet	Y		Migration to T2S	VP	Info source: SP2 and bilateral discussions. Changes of settlement day in order to comply with T2S settlement day set-up. Concerns on the End of Day reporting and Start of Day time.
	Market claims (27 standards)	0%	R	Major technical change	No information yet	Danish MIG	Info source: CASG gap analysis survey 2012. No standards are currently met and the exact implementation plan has yet to be specified. Furthermore, the process to implement the standards has not been initiated.
	Transformations (14 standards)	0%		Major technical change	No information yet		
Buyer protection (18 standards)	0%	Major technical change		No information yet			
Legal Harmonisation	9. Settlement Finality II: Irrevocability and enforceability transfer order	OK	B	Fully compliant	N/A	N/A	Info source: T2S NUGs surveys 2011 and 2012, SP2 and bilateral discussions. Full compliance with T2S SF II rule
	10. Settlement Finality III: Irrevocability of securities transfers.	Not compliant yet	Y	CSD rule/Regulatory change	Migration to T2S	VP	Info source: T2S NUGs surveys 2011 and 2012, SP2 and bilateral discussions. Two new provisions in the VP SECURITIES Clearing Rules will ensure that settlement in T2S will be unconditional, irrevocable and enforceable under Danish law.
CSD account structures	15. Availability of omnibus accounts	OK	B	Fully compliant	N/A	N/A	Info source: T2S NUGs survey and bilateral discussions.
	16. Restrictions on omnibus accounts	OK	B	Fully compliant	N/A	N/A	Info source: T2S NUGs survey and bilateral discussions.
Priority 2							
20. Corporate Actions	CA market standards (68)	78%	G	Market Practice Change	Plan to be agreed upon	Buyer protection group	Info source: BSE/E-MIG Survey (November 2012). 53 standards already met; 6 in the process of being met and 9 not met at all
26. Securities amount static data		OK	B	Fully compliant	N/A	N/A	Info source: T2S NUGs survey and bilateral discussions.



T2S Harmonisation Activities: Estonia						
Activity	Sub-activity	Compliance	Status	Type of Implementation Gap	Implementation Plan/Date	Implementation Actor(s)
		Indicates level of compliance with the relevant standards/rules	Green (G), yellow (Y), red (R)	If the standards/rules are not yet implemented, please specify what is the type of gap	If standards/rules are not fulfilled, please provide the timetable and various milestones/dates in the implementation plan.	Relevant national actors for implementation
Priority 1						
T2S messages	1. T2S ISO 20022 messages	Not compliant yet	G	Straight forward to implement	SP 8: T2S testing	ECSD
	2. T2S matching fields	Not compliant yet	G	Straight forward to implement	SP 8: T2S testing	ECSD
6. T2S schedule of settlement day		Not compliant yet	G	Straight forward to implement	SP 8: T2S testing	ECSD
	Market claims (27 standards)	0%	R	Fiscal issues	A detailed implementation plan is under discussion with the market participants.	MIG
	Transformations (14 standards) Buyer protection (18 standards)	0% 0%		fiscal issues Market Practice Change		
Legal Harmonisation	9. Settlement Finality II: irrevocability and enforceability transfer order	OK	B	Fully compliant	N/A	N/A
	10. Settlement Finality III: Irrevocability of securities transfers.	not compliant yet	G	Straight forward to implement	ECSD migration to T2S	ECSD
CSD account structures	15. Availability of omnibus accounts	OK	B	Fully compliant	N/A	N/A
	16. Restrictions on omnibus accounts	OK	B	Fully compliant	N/A	N/A
Priority 2						
20. Corporate Actions	CA market standards (68)	50%	Y	Market Practice Change	During 2012	Market participants
26. Securities amount static data		OK	B	Fully compliant	N/A	N/A

T2S Harmonisation Activities: Spain (IBERCLEAR)						
Activity	Sub-activity	Compliance	Status	Type of Implementation Gap	Implementation Plan/Date	Further Comments
Priority 1						
T2S messages	1. T2S ISO 20022 messages	Not compliant yet	G	Straight forward to implement	SP 8: T2S testing	Info source: SP2 and bilateral discussions.
	2. T2S matching fields	Not compliant yet	G	Straight forward to implement	SP 8: T2S testing	Info source: SP2 and bilateral discussions.
6. T2S schedule of settlement day		Not compliant yet	G	Straight forward to implement	Migration to T2S	Info source: SP2 and bilateral discussions. Plans for full compliance with T2S Schedule
	7. Corporate Actions T2S CA standards (59)	59% 57% 0%	Y	Regulatory/legislative change Major technical change Other	High Level implementation plan exists but not provided yet	Info source: CASG gap analysis survey 2012. Good rate of compliance. Legislative changes have been implemented; however, lower level legislation is needed to fully comply with the standards.
Legal Harmonisation	9. Settlement Finality II: irrevocability and enforceability transfer order	OK	B	Fully compliant	N/A	Info source: T2S NUGS surveys 2011 and 2012, SP2 and bilateral discussions.
	10. Settlement Finality III: irrevocability of securities transfers.	OK	B	Fully compliant	N/A	Info source: SP2 and bilateral discussions. No need for any changes for compliance with T2S SF III rule
CSD account structures	15. Availability of omnibus accounts	OK	B	Fully compliant	N/A	Info source: T2S NUGS survey and bilateral discussions.
	16. Restrictions on omnibus accounts	OK	B	Fully compliant	N/A	Info source: T2S NUGS survey and bilateral discussions.
Priority 2						
20. Corporate Actions	CA market standards (68)	72%	G	Other	During 2012	Info source: BSG/E-MG Survey (November 2012). 49 standards already met, 12 in the process of being met and 7 not met at all
26. Securities amount static data		OK	B	Fully compliant	N/A	Info source: T2S NUGS survey and bilateral discussions.



T2S Harmonisation Activities: Finland

Activity	Sub-activity	Compliance	Status	Type of Implementation Gap	Implementation Plan/Date	Implementation Actor(s)	Further Comments
Priority 1							
T2S messages	1. T2S ISO 20022 messages	Not compliant yet	G	Straight forward to implement	SP 8: T2S testing	Euroclear	Info source: SP2 and bilateral discussions.
	2. T2S matching fields	Not compliant yet	R	regulatory/legal	plan expected in Q1 2013	Euroclear	Info source: SP2 and bilateral discussions. There is an issue with the on-going assessment of the "registration basis codes" in the Finnish market. Need to be discussed and agreed with the national authorities.
6. T2S schedule of settlement day		Not compliant yet	Y	Capacity issues with T2S times	SP 8: T2S testing	Euroclear	Info source: SP2 and bilateral discussions. No verified problems in implementing the schedule of the T2S settlement day and calendar. EOC FI has however concerns about the time available between EoB and SoD in T2S.
	7. Corporate Actions T2S CA standards (59)	Market claims (27 standards)	0%	Major technical change	No information yet	MIG and Euroclear	Info source: CASG gap analysis survey 2012. No standards currently met. Furthermore, there are dependencies with regards to changes of the tax legislation and the exact timeline for the implementation plan has been provided.
		Transformations (14 standards)	0%	Major technical change	Major technical change	No information yet	
	Buyer protection (18 standards)	0%	Straight forward to implement	Straight forward to implement	No information yet		
Legal Harmonisation	9. Settlement Finality II: Irrevocability and enforceability transfer order	OK	B	Fully compliant	N/A	N/A	Info source: T2S NUGs surveys 2011 and 2012; SP2 and bilateral discussions. Already implemented (Sept 2012)
	10. Settlement Finality III: Irrevocability of securities transfers.	OK	B	Fully compliant	N/A	N/A	Info source: SP2 and bilateral discussions. No need for any changes for compliance with T2S SF III rule
CSD account structures	15. Availability of omnibus accounts	OK	B	Fully compliant	N/A	N/A	Info source: T2S NUGs survey and bilateral discussions.
	16. Restrictions on omnibus accounts	Not compliant yet	Y	Legal/regulatory	No information yet	Euroclear	Info source: T2S NUGs survey and bilateral discussions. FI investors' (equities) holdings are excluded from the omnibus account structure.
Priority 2							
20. Corporate Actions	CA market standards (68)	56%	Y	Straight forward to implement	No information yet	Euroclear	Info source: BSG/E-MIG Survey (November 2012). 38 standards already met, 17 in the process of being met and 13 not met at all.
	26. Securities amount static data	Not compliant yet	Y	Legal/regulatory	During 2013	Euroclear	Info source: T2S NUGs survey and bilateral discussions. FIN NUG agreement that the Finnish market will move to use the European practice. Pending assessment on whether legal change is required.

T2S Harmonisation Activities: France

Activity	Sub-activity	Compliance	Status	Type of Implementation Gap	Implementation Plan/Date	Implementation Actor(s)	Further Comments
		Indicates level of compliance with the relevant standards/rules	Green (G), yellow (Y), red (R)	If the standards/rules are not implemented, please specify what is the type of gap	If standards/rules are not fulfilled, please provide the timetable and various milestones/dates in the implementation plan.	Relevant national actors for implementation	
Priority 1							
T2S messages							
	1. T2S ISO 20022 messages	Not compliant yet	G	Straight forward to implement	SP 8: T2S testing	Euroclear	Info source: SP2 and bilateral discussions Full compliance
	2. T2S matching fields	Not compliant yet	G	Straight forward to implement	SP 8: T2S testing	Euroclear	Info source: SP2 and bilateral discussions. Full compliance. Matching Rules that will apply are those of the T2S platform
6. T2S schedule of settlement day		Not compliant yet	G	Straight forward to implement	Migration to T2S	Euroclear	Info source: SP2 and bilateral discussions The ESES operational day will be amended to cope with the timing of T2S. T2S accounting day will be considered the Master day.
7. Corporate Actions T2S CA standards (59)	Market claims (27 standards)	48%	G	Market practice change	Detailed implementation plan with MIG timelines produced. Some standards will be implemented as a part of the Single Platform; others will only be implemented at the T2S timeframe.	MIG	Info source: CASG gap analysis survey 2012. Good compliance reported. MIG is active and good progress is being made, in cooperation with other ESES markets; some standards would require major technical changes but none legislative change.
	Transformations (14 standards)	29%		Major technical change			
	Buyer protection (18 standards)	0%		Other			
Legal Harmonisation	9. Settlement Finality II: irrevocability and enforceability transfer order	OK	B	Fully compliant	N/A	N/A	Info source: T2S NUGs surveys 2011 and 2012, SP2 and bilateral discussions. EoC already complies with T2S SFII rule (bilateral cancellation).
	10. Settlement Finality III: irrevocability of securities transfers.	Not compliant yet	G	Straightforward to implement (includes regulatory change)	Migration to T2S	Euroclear	Info source: T2S NUGs surveys 2011 and 2012, SP2 and bilateral discussions. Straight forward to implement. Euroclear France will update its operating rules according to the T2S SF III rule and have them approved by the French financial markets authority.
CSD account structures	15. Availability of omnibus accounts	OK	B	Fully compliant	N/A	N/A	Info source: T2S NUGs survey and bilateral discussions. There are no issues with Omnibus Accounts availability for the ESES countries
	16. Restrictions on omnibus accounts	OK	B	Fully compliant	N/A	N/A	Info source: T2S NUGs survey and bilateral discussions.
Priority 2							
20. Corporate Actions							
	CA market standards (68)	50%	Y	Major technical change	Q4 2012 and Q4 2013		Info source: BSG/E-MIG Survey (November 2012). 34 standards already met, 32 in the process of being met and 2 not met at all
26. Securities amount static data		OK	B	Fully compliant	N/A	N/A	Info source: T2S NUGs survey and bilateral discussions. There are no issues with securities amount data for the ESES countries



T2S Harmonisation Activities: Greece (BOGS)							
Activity	Sub-activity	Compliance	Status	Type of Implementation Gap	Implementation Plan/Date	Implementation Actor(s)	Further Comments
		Indicates level of compliance with the relevant standards/rules	Green (G), yellow (Y), red (R)	If the standards/rules are not yet implemented, please specify what is the type of gap	If standards/rules are not fulfilled, please provide the timetable and various milestones/dates in the implementation plan.	Relevant national actors for implementation	
Priority 1							
T2S messages	1. T2S ISO 20022 messages	Not compliant yet	G	technical change	SP 8: T2S testing	BOGS	Info source: SP2 and bilateral discussions.
	2. T2S matching fields	Not compliant yet	G	technical change	SP 8: T2S testing	BOGS	Info source: SP2 and bilateral discussions. BOGS will outsource its matching function to T2S
6. T2S schedule of settlement day		Not compliant yet	Y	Other	No information yet	BOGS	Info source: SP2 and bilateral discussions. A number of challenges remain to be solved (e.g. timing of issuer's payment of coupons)
	7. Corporate Actions T2S CA standards (CA)	30%	Y	Other	Implementation plan being prepared	BOGS	Info source: CASS gap analysis survey 2012. Corporate action types and volumes expected to be limited. BOGS has committed to comply with the standards on time and sees no significant issues in that respect.
	Buyer protection (18 standards)	0%	Y	Other			
Legal Harmonisation	9. Settlement Finality II: irrevocability and enforceability transfer order	OK	B	Fully compliant	N/A	N/A	Info source: T2S NUGS surveys 2011 and 2012, SP2 and bilateral discussions. Full compliance with T2S SF II rule
	10. Settlement Finality III: Irrevocability of securities transfers.	Not compliant yet	G	Change in the CSD rules (no regulatory approval required)	By 31/01/2014	BOGS	Info source: T2S NUGS surveys 2011 and 2012, SP2 and bilateral discussions. The respective amendment to comply with T2S SF III rule, should be effectuated well before the end of the Development Phase (31/01/2014) of the T2S Project.
CSD account structures	15. Availability of omnibus accounts	OK	B	Fully compliant	N/A	N/A	Info source: T2S NUGS survey and bilateral discussions. No issue
	16. Restrictions on omnibus accounts	OK	B	Fully compliant	N/A	N/A	Info source: T2S NUGS survey and bilateral discussions. No issue
Priority 2							
20. Corporate Actions	CA market standards (68)	n/a	R - no info	Other	No information yet	BOGS	Info source: BSG/E-MIG Survey (November 2012). T2S Team received no info from EMIG on BOGS results.
26. Securities amount static data		OK	B	Fully compliant	N/A	N/A	Info source: T2S NUGS survey and bilateral discussions. No issue.

T2S Harmonisation Activities: Hungary							
Activity	Sub-activity	Compliance	Status	Type of Implementation Gap	Implementation Plan/Date	Implementation Actor(s)	Further Comments
		Indicates level of compliance with the relevant standards/rules	Green (G), yellow (Y), red (R)	If the standards/rules are not yet implemented, please specify what is the type of gap	If standards/rules are not fulfilled, please provide the timetable and various milestones/dates in the implementation plan.	Relevant national actors for implementation	
Priority 1							
T2S messages		Not compliant yet	G	Straight forward to implement	KELER migration (Q3 2016)	KELER	Info source: SP2 and bilateral discussions. KELER is currently using ISO 15022 standards for its external communication. When introducing T2S, the messages used for the external communication will comply with the ISO 20022 standards. ISO 20022 implementation is on the roadmap of KELER (SMP).
	1. T2S ISO 20022 messages						
	2. T2S matching fields	Not compliant yet	G	Straight forward to implement	KELER migration (Q3 2016)	KELER	Info source: SP2 and bilateral discussions. KELER shall implement T2S matching rules i.e. identification through BIC11-codes and a standardized securities account structure. New T2S-compliant system implementation is on the roadmap of KELER (SMP).
6. T2S schedule of settlement day		Not compliant yet	Y	Major technical change	KELER migration (Q3 2016)	KELER	Info source: SP2 and bilateral discussions. Major restructure of current KELER timetable is required, in particular with night time settlement
7. Corporate Actions T2S CA standards (59)	Market claims (27 standards)	0%	R	Regulatory/legislative change	KELER migration (Q3 2016)	NUG	Info source: CASG gap analysis survey 2012. T2S CA standards are currently not considered as common market practice in Hungary. KELER (with the involvement of market participants) has analysed and understood the requirements. KELER is now preparing the implementation concept on making the Hungarian market practice compliant with T2S CA standards and to resolve regulatory obstacles. Resolutions requires extensive coordination with national authorities. New T2S-compliant system implementation is on the roadmap of KELER (SMP).
	Transformations (14 standards)	0%		Major Technical Change			
	Buyer protection (18 standards)	0%		Market Practice Change			
Legal Harmonisation		Not compliant yet	Y	Regulatory/legislative change	No information yet	KELER	Info source: T2S NUGS surveys 2011 and 2012. SP2 and bilateral discussions. Currently, unilateral cancellation of matched instructions is possible on the market. This topic shall be addressed to the relevant regulators for discussion, in order to comply with the harmonized SF II rule.
	9. Settlement Finality II: Irrevocability and enforceability transfer order						
	10. Settlement Finality III: Irrevocability of securities transfers.	Not compliant yet	Y	Regulatory/legislative change	KELER Migration in T2S (Q3 2016)	KELER	Info source: T2S NUGS surveys 2011 and 2012. SP2 and bilateral discussions. After T2S goes live, transactions settling in T2S shall be compliant with the SF III rule thus securities transfers shall be unconditional, irrevocable and enforceable in T2S. Resolution may require regulatory action by national authorities.
CSD account structures		OK	B	Fully compliant	N/A	N/A	Info source: T2S NUGS survey and bilateral discussions. No issue
	15. Availability of omnibus accounts	OK	B	Fully compliant	N/A	N/A	Info source: T2S NUGS survey and bilateral discussions. No issue
	16. Restrictions on omnibus accounts	OK	B	Fully compliant	N/A	N/A	Info source: T2S NUGS survey and bilateral discussions. No issue
Priority 2							
20. Corporate Actions	CA market standards (68)	n/a	R - no info	Other	No information yet	KELER	Info source: BSGE-MIG Survey (November 2012). T2S Team received no info from EMIG on KELER results.
26. Securities amount static data		OK	B	Fully compliant	N/A	N/A	Info source: T2S NUGS survey and bilateral discussions. No issue.



T2S Harmonisation Activities: Italy							
Activity	Sub-activity	Compliance	Status	Type of Implementation Gap	Implementation Plan/Date	Implementation Actor(s)	Further Comments
		Indicates level of compliance with the relevant standards/rules	Green (G), yellow (Y), red (R)	If the standards/rules are not yet implemented, please specify what is the type of gap	If standards/rules are not fulfilled, please provide the timetable and various milestones/dates in the implementation plan.	Relevant national actors for implementation	
Priority 1							
T2S messages	1. T2S ISO 20022 messages	Not compliant yet	G	Compliant	SP 8: T2S testing	Monte Titoli	Info source: SP2 and bilateral discussions.
	2. T2S matching fields	Not compliant yet	Y	Major technical change	No information yet	Monte Titoli	Info source: SP2 and bilateral discussions. Issue with lack of a specific matching field in T2S
6. T2S schedule of settlement day		Not compliant yet	G	Straightforward to implement	Migration to T2S	Monte Titoli	Info source: SP2 and bilateral discussions. Issues with T2S Night Time Settlement times
7. Corporate Actions T2S CA standards (59)	Market claims (27 standards)	59%	G	Regulatory/legislative change	Implementation intended with T2S going live	Monte Titoli and Italian NUG	Info source: CASG gap analysis survey 2012. Good compliance reported. Furthermore, no need for legislative changes has been reported and the Italian market is committed to implement the changes by the time Monte Titoli will migrate to T2S.
	Transformations (14 standards)	36%		Regulatory/legislative change			
	Buyer protection (18 standards)	0%		Regulatory/legislative change			
Legal Harmonisation	9. Settlement Finality II: irrevocability and enforceability transfer order	OK	B	Fully compliant	N/A	N/A	Info source: T2S NUGs surveys 2011 and 2012, SP2 and bilateral discussions. Fully compliant with T2S SF II rule
	10. Settlement Finality III: irrevocability of securities transfers.	not compliant yet	G	change of CSD rules	Migration to T2S	Monte Titoli	Info source: T2S NUGs surveys 2011 and 2012, SP2 and bilateral discussions. Compliance requires only change of CSD rules. No need for regulatory changes.
CSD account structures	15. Availability of omnibus accounts	OK	B	Fully compliant	N/A	N/A	Info source: T2S NUGs survey and bilateral discussions. No issue
	16. Restrictions on omnibus accounts	OK	B	Fully compliant	N/A	N/A	Info source: T2S NUGs survey and bilateral discussions. No issue
Priority 2							
20. Corporate Actions	CA market standards (68)	87%	G	Straight forward to implement	2013	Italian NUG	Info source: BSG/E-MG Survey (November 2012). S9 standards already met, 4 in the process of being met and 5 not met at all
26. Securities amount static data		OK	B	Fully compliant	N/A	N/A	Info source: T2S NUGs survey and bilateral discussions. No issue.

T2S Harmonisation Activities: Lithuania							
Activity	Sub-activity	Compliance	Status	Type of Implementation Gap	Implementation Plan/Date	Implementation Actor(s)	Further Comments
Priority 1							
T2S messages	1. T2S ISO 20022 messages	Not compliant yet	G	Straightforward to implement	SP 8: T2S testing	LCVPD	Info source: SP2 and bilateral discussions.
	2. T2S matching fields	Not compliant yet	G	Straightforward to implement	SP 8: T2S testing	LCVPD	Info source: SP2 and bilateral discussions.
6. T2S schedule of settlement day		Not compliant yet	G	Straightforward to implement	Migration to T2S	LCVPD	Info source: SP2 and bilateral discussions.
	7. Corporate Actions T2S CA standards (59)	0% 0% 0%	R	Regulatory/legislative change Regulatory/legislative change Regulatory/legislative change	Prior to T2S testing	LCVPD	Info source: CASG gap analysis survey 2012. No standards are implemented. Implementing standards would require major technical, market practice and legislative changes.
Legal Harmonisation	9. Settlement Finality II: Irrevocability and enforceability transfer order	not compliant yet	Y	Regulatory/legislative change	By October 2014	LCVPD	Info source: T2S NUGs surveys 2011 and 2012, SP2 and bilateral discussions. LT CSD (LCVPD) plans to adapt its binding rules in line with T2S. To ensure harmonization of CSDL regulations with the requirements of T2Ss by 2014-10-01 T2S Synchronization Point 8 - Ready for interoperability testing
	10. Settlement Finality III: Irrevocability of securities transfers.	not compliant yet	Y	Regulatory/legislative change	By October 2014	LCVPD	Info source: T2S NUGs surveys 2011 and 2012, SP2 and bilateral discussions. Same as SFII
CSD account structures	15. Availability of omnibus accounts	OK	B	Fully compliant	N/A	N/A	Info source: T2S NUGs survey and bilateral discussions. No issue
	16. Restrictions on omnibus accounts	OK	B	Fully compliant	N/A	N/A	Info source: T2S NUGs survey and bilateral discussions. No issue
Priority 2							
20. Corporate Actions	CA market standards (68)	n/a	R - no info	Market practice change	No information yet	LCVPD	Info source: BSG/E-MIG Survey (November 2012). T2S Team received no info from EMIG on results.
26. Securities amount static data		OK	B	Fully compliant	N/A	N/A	Info source: T2S NUGs survey and bilateral discussions. No issue.



T2S Harmonisation Activities: Luxembourg (LUX CSD)							
Activity	Sub-activity	Compliance	Status	Type of Implementation Gap	Implementation Plan/Date	Implementation Actor(s)	Further Comments
Priority 1							
T2S messages	1. T2S ISO 20022 messages	Not compliant yet	G	Straight forward to implement	testing phase (SP8)	LUX CSD	Info source: SP2 and bilateral discussions.
	2. T2S matching fields	Not compliant yet	R	Major technical change	No information yet	LUX CSD	Info source: SP2 and bilateral discussions. Serious issues with matching fields in T2S. Pending progress on CR and HSG work
6. T2S schedule of settlement day		Not compliant yet	G	Straight forward to implement	Migration to T2S	LUX CSD	Info source: SP2 and bilateral discussions. No issues foreseen in complying with T2S standards
		0%	Y	Straight forward to implement	No information yet	LUX CSD	Info source: CASG gap analysis survey 2012. The LUX CSD has reported that it is currently not compliant with the CA standards but sees no problem in implementing them by the time of joining T2S. The LUX market has confirmed that it would be straightforward to implement.
7. Corporate Actions T2S CA standards (59)	Market claims (27 standards)	0%	Y	Straight forward to implement	No information yet	LUX CSD	
	Buyer protection (18 standards)	0%	Y	Straight forward to implement	No information yet	LUX CSD	
Legal Harmonisation	9. Settlement Finality II: Irrevocability and enforceability transfer order	Not compliant yet	G	Regulatory/legislative change	Migration to T2S	LUX CSD	Info source: T2S NUGs surveys 2011 and 2012; SP2 and bilateral discussions. Lux CSD will follow CBF instruction cancellation process.
	10. Settlement Finality III: Irrevocability of securities transfers.	Not compliant yet	G	Straight forward to implement	No information yet	LUX CSD	Info source: Survey on T2S settlement finality rule III
CSD account structures	15. Availability of omnibus accounts	OK	B	Fully compliant	N/A	N/A	Info source: T2S NUGs survey and bilateral discussions.
	16. Restrictions on omnibus accounts	OK	B	Fully compliant	N/A	N/A	Info source: T2S NUGs survey and bilateral discussions.
Priority 2							
20. Corporate Actions	CA market standards (68)	n/a	R - no info	Other	No information yet	LUX CSD	Info source: BSG/E-MIG Survey (November 2012). T2S Team received no info from EMIG on LUX CSD results.
	26. Securities amount static data	OK	B	Fully compliant	N/A	N/A	Info source: T2S NUGs survey and bilateral discussions.

T2S Harmonisation Activities: Luxembourg (VP LUX)							
Activity	Sub-activity	Compliance	Status	Type of Implementation Gap	Implementation Plan/Date	Implementation Actor(s)	Further Comments
		Indicates level of compliance with the relevant standards/rules	Green (G), yellow (Y), red (R)	If the standards/rules are not yet implemented, please specify what is the type of gap	If standards/rules are not fulfilled, please provide the timetable and various milestones/dates in the implementation plan.	Relevant national actors for implementation	
Priority 1							
T2S messages		Not compliant yet	G	Straight forward to implement	SP 8: T2S testing	VP	Info source: SP2 and bilateral discussions. VP is planning to use standards specified in the T2S ISO 20022 information management services of the UDFS
	1. T2S ISO 20022 messages						
	2. T2S matching fields	Not compliant yet	R	Major technical change	No information yet	VP	Info source: SP2 and bilateral discussions. Issues with the lack of certain information in the T2S matching process
6. T2S schedule of settlement day		Not compliant yet	Y	Major technical change	Migration to T2S	VP	Info source: SP2 and bilateral discussions. Changes of settlement day in order to comply with T2S settlement day set-up. Concerns on the EOD reporting and SOD time.
7. Corporate Actions T2S CA standards (59)	Market claims (27 standards)	0%	Y	Straight forward to implement	Migration to T2S	VP	Info source: CASG gap analysis survey 2012
	Transformations (14 standards)	0%	Y	Straight forward to implement			VP LUX has reported that it is currently not compliant with the CA standards but sees no problem in implementing them by the time of joining T2S. The LUX market has confirmed that it would be straightforward to implement.
	Buyer protection (18 standards)	0%	Y	Straight forward to implement			
Legal Harmonisation	9. Settlement Finality II: Irrevocability and enforceability transfer order	OK	B	Fully compliant	N/A	N/A	Info source: T2S NUGs surveys 2011 and 2012, SP2 and bilateral discussions. Full compliance with T2S SF II rule
	10. Settlement Finality III: Irrevocability of securities transfers.	Not compliant yet	Y	Regulatory / Legal	Migration to T2S	VP	Info source: T2S NUGs surveys 2011 and 2012, SP2 and bilateral discussions. Full compliance with T2S SF II rule will require regulatory legal changes
CSD account structures	15. Availability of omnibus accounts	OK	B	Fully compliant	N/A	N/A	Info source: T2S NUGs survey and bilateral discussions.
	16. Restrictions on omnibus accounts	OK	B	Fully compliant	N/A	N/A	Info source: T2S NUGs survey and bilateral discussions.
Priority 2							
20. Corporate Actions	CA market standards (66)	n/a	R - no info	Other	No information yet	VP	Info source: BSG/E-MIG Survey (November 2012). T2S Team received no info from EMIG on VP LUX results.
26. Securities amount static data		OK	B	Fully compliant	N/A	N/A	Info source: T2S NUGs survey and bilateral discussions.



T2S Harmonisation Activities: Malta							
Activity	Sub-activity	Compliance	Status	Type of Implementation Gap	Implementation Plan/Date	Implementation Actor(s)	Further Comments
		Indicates level of compliance with the relevant standards/rules	Green (G), yellow (Y), red (R)	If the standards/rules are not yet implemented, please specify what is the type of gap	If standards/rules are not fulfilled, please provide the timetable and various milestones/dates in the implementation plan.	Relevant national actors for implementation	
Priority 1							
T2S messages			Other		No information yet	MSE	Info source: SP2 and bilateral discussions. There will not be major implementation required to adapt to the T2S messages
	1. T2S ISO 20022 messages	Not compliant yet	Y				
	2. T2S matching fields	Not compliant yet	Y	Other	No information yet	MSE	Info source: SP2 and bilateral discussions. The Maltese CSD does not intend to use any additional fields to those used by T2S for settlement processing
6. T2S schedule of settlement day		Not compliant yet	Y	Other	limited info on implementation plans	MSE	Info source: SP2 and bilateral discussions.
7. Corporate Actions T2S CA standards (59)	Market claims (27 standards)	70%		Regulatory/legislative Change	No information yet	MSE	Info source: CASG gap analysis survey 2012
	Transformations (14 standards)	0%	R	Regulatory/legislative Change	No information yet		Good compliance with market claims. Some standards may require legal or regulatory changes which nevertheless are considered straightforward to implement.
	Buyer protection (18 standards)	0%		Regulatory/legislative Change	No information yet		
Legal Harmonisation	9. Settlement Finality II: Irrevocability and enforceability transfer order	Not compliant yet	Y	Regulatory change	Migration to T2S	MSE	Info source: T2S NUGs surveys 2011 and 2012, SP2 and bilateral discussions. Adoption of T2S SF II prior to the relevant testing phase of Migration Wave 1
	10. Settlement Finality III: Irrevocability of securities transfers.	Not compliant yet	G	Change of CSD rules and regulatory approval	Migration to T2S	MSE	Info source: T2S NUGs surveys 2011 and 2012, SP2 and bilateral discussions. Change of CSD rules and regulatory approval only. Straightforward to implement
CSD account structures	15. Availability of omnibus accounts	OK	B	Fully compliant	N/A	N/A	Info source: T2S NUGs survey and bilateral discussions. Omnibus accounts are permitted in the Maltese market
	16. Restrictions on omnibus accounts	OK	B	Fully compliant	N/A	N/A	Info source: T2S NUGs survey and bilateral discussions. There are no restrictions attached to the omnibus accounts services
Priority 2							
20. Corporate Actions	CA market standards (68)	n/a	R - no info	Other	No information yet	MSE	Info source: BSG/EMIG Survey (November 2012). T2S Team received no info from EMIG on MSE results.
26. Securities amount static data		OK	B	Fully compliant	N/A	N/A	Info source: T2S NUGs survey and bilateral discussions.

T2S Harmonisation Activities: The Netherlands

Activity	Sub-activity	Compliance	Status	Type of Implementation Gap	Implementation Plan/Date	Implementation Actor(s)	Further Comments
Priority 1							
T2S messages							
	1. T2S ISO 20022 messages	Not compliant yet	G	Straight forward to implement	SP 8: T2S testing	Euroclear	Info source: SP2 and bilateral discussions. Full compliance
	2. T2S matching fields	Not compliant yet	G	Straight forward to implement	SP 8: T2S testing	Euroclear	Info source: SP2 and bilateral discussions. Full compliance. Matching Rules that will apply are those of the T2S platform
6. T2S schedule of settlement day		Not compliant yet	G	Straight forward to implement	Migration to T2S	Euroclear	Info source: SP2 and bilateral discussions. The ESES operational day will be amended to cope with the timing of T2S. T2S accounting day will be considered the Master day.
7. Corporate Actions T2S CA standards (59)	Market claims (27 standards) Transformations (14 standards) Buyer protection (18 standards)	74% 57% 0%	G	Major technical change Major technical change Other	Standard and procedure should be implemented in the frame of HDR by end 2012 (need of implementation of Key Dates prior).	MIG	Info source: CASG gap analysis survey 2012. Very good and increasing compliance reported. Implementation plans do not preview need for legislative changes and are coordinated at ESES level.
Legal Harmonisation	9. Settlement Finality II: Irrevocability and enforceability transfer order	OK	B	Fully compliant	N/A	N/A	Info source: T2S NUGs surveys 2011 and 2012, SP2 and bilateral discussions. EoC ESES already complies with bilateral cancellation
	10. Settlement Finality III: Irrevocability of securities transfers.	Not compliant yet	G	Straight forward to implement	Migration to T2S	Euroclear	Info source: T2S NUGs surveys 2011 and 2012, SP2 and bilateral discussions. Seems straightforward to achieve compliance based on the ESES set-up. A regulatory approval is required.
CSD account structures	15. Availability of omnibus accounts	OK	B	Fully compliant	N/A	N/A	Info source: T2S NUGs survey and bilateral discussions. There are no issues with Omnibus Accounts availability for the ESES countries
	16. Restrictions on omnibus accounts	OK	B	Fully compliant	N/A	N/A	Info source: T2S NUGs survey and bilateral discussions.
Priority 2							
20. Corporate Actions	CA market standards (68)	78%	G	Market practice change	2012	Euroclear	Info source: BSG/E-MIG Survey (November 2012). 53 standards already met, 9 in the process of being met and 6 not met at all
26. Securities amount static data		OK	B	Fully compliant	N/A	N/A	Info source: T2S NUGs survey and bilateral discussions. There are no issues with securities amount data for the ESES countries.



T2S Harmonisation Activities: Portugal (Interbolsa)

Activity	Sub-activity	Compliance	Status	Type of Implementation Gap	Implementation Plan/Date	Implementation Actor(s)	Further Comments
Priority 1							
T2S messages	1. T2S ISO 20022 messages	Not compliant yet	G	Straight forward to implement	SP 8: T2S testing	Interbolsa	Info source: SP2 and bilateral discussions.
	2. T2S matching fields	Not compliant yet	G	Straight forward to implement	SP 8: T2S testing	Interbolsa	Info source: SP2 and bilateral discussions.
6. T2S schedule of settlement day	Market claims (27 standards) Transformations (14 standards) Buyer protection (18 standards)	Not compliant yet	G	Straight forward to implement	Migration to T2S	Interbolsa	Info source: SP2 and bilateral discussions.
		85%		Straight forward to implement	Plan on-going. Compliance expected during 2013	Interbolsa	Info source: CASO gap analysis survey 2012. Very good level of compliance reported and a clear implementation plan is on-going. A minor issue is to be solved with tax authorities to be fully compliant.
		43%		Straight forward to implement			
7. Corporate Actions T2S CA standards (59)	Buyer protection (18 standards)	0%	G	Major technical change			
Legal Harmonisation	9. Settlement Finality II: Irrevocability and enforceability transfer order	Not compliant yet	G	Straight forward to implement	SP 8: T2S testing	Interbolsa. Registration with CMM.	Info source: Comments on 3rd progress report (Jan 2013). Amendments will only regard operational rules and procedures. The process will be conducted and controlled by Interbolsa and the result registered within CMM (Comissão do Mercado de Valores Mobiliários).
CSD account structures	10. Settlement Finality III: Irrevocability of securities transfers.	Not compliant yet	G	Straight forward to implement	Migration to T2S	Interbolsa	Info source: Comments on 3rd progress report (Jan 2013). CSD rules will be amended. No legal/regulatory change or approval is needed.
	15. Availability of omnibus accounts	OK	B	Fully compliant	N/A	N/A	Info source: T2S NUGS survey and bilateral discussions. Omnibus accounts are available
20. Corporate Actions	16. Restrictions on omnibus accounts	Not compliant yet	Y	Market practice change	No information yet	Interbolsa	Info source: comments on 3rd progress report (Jan 2013). The Portuguese law establishes that financial intermediaries must segregate at investor level at the CSD for holdings of Portuguese funds
Priority 2							
26. Securities amount static data	CA market standards (66)	90%	G	Market practice change	No information yet	Interbolsa	Info source: BSG/E-MIG Survey (November 2012). 61 standards already met, 3 in the process of being met and 4 not met at all
		Not compliant yet	G	Major technical change	SP 8: T2S testing	Interbolsa	Info source: T2S NUGS survey, bilateral discussions and comments on 3rd progress report (Jan 2013). Interbolsa has decided to change to EU market practice prior to testing phase

T2S Harmonisation Activities: Romania							
Activity	Sub-activity	Compliance	Status	Type of Implementation Gap	Implementation Plan/Date	Implementation Actor(s)	Further Comments
Priority 1							
T2S messages	1. T2S ISO 20022 messages	Not compliant yet	G	Straight forward to implement	SP 8: T2S testing	DC	Info source: SP2 and bilateral discussions
	2. T2S matching fields	Not compliant yet	G	Straight forward to implement	SP 8: T2S testing	DC	Info source: SP2 and bilateral discussions
6. T2S schedule of settlement day	Market claims (27 standards) Transformations (14 standards) Buyer protection (18 standards)	Not compliant yet	R	major technical change	No information	DC/NCB	Info source: SP2 and bilateral discussions. Major issue with availability of night time settlement
		0%	Y	Regulatory/legislative change	There is a clear plan for implementation by end of 2013. Regulatory changes are expected to be implemented in Q1 2013; market practice changes by Q2 2014.	DC, Regulator, NCB	Info source: CASG gap analysis survey 2012. No standards are implemented. Furthermore, changes to the legislation are needed in some cases. However the CSD has drawn up a detailed plan for compliance by mid-2014
		0%	B	Regulatory/legislative change	N/A	N/A	Info source: T2S NUGs surveys 2011 and 2012, SP2, and bilateral discussions. Fully compliant with T2S SF II rule
Legal Harmonisation	9. Settlement Finality II: irrevocability and enforceability transfer order	OK	B	Fully compliant	N/A	N/A	Info source: T2S NUGs surveys 2011 and 2012, SP2, and bilateral discussions. Fully compliant with T2S SF II rule
		not compliant yet	G	Straight forward to implement	by June 2014	DC	Info source: comments on 3rd progress report (Jan 2013). T2S SF III rule compliance will require change of CSD rules (but no change in regulation or legislation is required) although regulatory approval is necessary.
CSD account structures	15. Availability of omnibus accounts 16. Restrictions on omnibus accounts	OK	B	Fully compliant	N/A	N/A	Info source: T2S NUGs survey and bilateral discussions. Omnibus accounts are available
		OK	B	Fully compliant	N/A	N/A	Info source: T2S NUGs survey and bilateral discussions.
Priority 2							
20. Corporate Actions	CA market standards (68)	3.5%	R	Market practice as well as regulatory changes		DC	Info source: BSG/E-MIG Survey (November 2012). 24 standards already met, 39 in the process of being met, and 5 not met at all.
		OK	B	Fully compliant	N/A	N/A	Info source: T2S NUGs survey and bilateral discussions. No issues with securities amount data in Romania
26. Securities amount static data							



T2S Harmonisation Activities: Slovenia						
Activity	Sub-activity	Compliance	Status	Type of Implementation Gap	Implementation Plan/Date	Further Comments
		Indicates level of compliance with the relevant standards/rules	Green (G), yellow (Y), red (R)	If the standards/rules are not yet implemented, please specify what is the type of gap	If standards/rules are not fulfilled, please provide the timetable and various milestones/dates in the implementation plan.	Relevant national actors for implementation
Priority 1						
T2S messages		not compliant yet	G	technical		
	1. T2S ISO 20022 messages				prior to migration to T2S	Info source: SP2 and bilateral discussions. KDD will also implement T2S ISO 20022 messages where relevant for its communication with T2S, i.e. for processes not done via T2S GUI.
	2. T2S matching fields	not compliant yet	G	technical	prior to migration to T2S	Info source: SP2 and bilateral discussions. As regards matching, KDD will introduce T2S matching fields.
6. T2S schedule of settlement day		not compliant yet	G	technical	Migration to T2S	Info source: SP2 and bilateral discussions. KDD will implement T2S Settlement Day Schedule and T2S Calendar and will provide its services according to the needs of its users.
7. Corporate Actions T2S CA standards (59)	Market claims (27 standards) Transformations (14 standards) Buyer protection (18 standards)	0% 0% 0%	Y	Regulatory/legislative change Regulatory/legislative change Market practice change	There is a clear plan for implementation by end of 2013	Info source: CASG gap analysis survey 2012. No standards are implemented. Legislative changes as well as major changes in market practice will be required to comply.
Legal Harmonisation	9. Settlement Finality II: irrevocability and enforceability transfer order	Not compliant yet	G	Regulatory/legislative change	Migration to T2S	Info source: T2S NUGs surveys 2011 and 2012, SP2 and bilateral discussions. Unilateral cancellation after ISD is still possible but KDD will comply fully with SF II rule prior to migration to T2S
	10. Settlement Finality III: irrevocability of securities transfers.	not compliant yet	G	Legislative change and regulatory endorsement	in 2015	Info source: T2S NUGs surveys 2011 and 2012, SP2 and bilateral discussions. Provisional regulatory approval is completed. Legislative change is pending for T2S DCA settlement, but it should be straight forward. Final regulator's approval is required too.
CSD account structures	15. Availability of omnibus accounts	OK	B	Fully compliant	N/A	Info source: T2S NUGs survey and bilateral discussions. No issue
	16. Restrictions on omnibus accounts	OK	B	Fully compliant	N/A	Info source: T2S NUGs survey and bilateral discussions. No issue
Priority 2						
20. Corporate Actions	CA market standards (68)	18%	R	Major technical change	No information yet	Info source: BSG/E-NIG Survey (November 2012). T2 standards already met, 16 in the process of being met and 40 not met at all
26. Securities amount static data		OK	B	Fully compliant	N/A	Info source: T2S NUGs survey and bilateral discussions. No issue.

T2S Harmonisation Activities: Slovakia						
Activity	Sub-activity	Compliance	Status	Type of Implementation Gap	Implementation Plan/Date	Further Comments
Priority 1						
T2S messages	1. T2S ISO 20022 messages	Not compliant yet	G	technical change	SP 8: T2S testing	Info source: SP2 and bilateral discussions. CDCP will offer to its members communication in ISO 20022. Standards for selected CDCP services.
	2. T2S matching fields	Not compliant yet	G	technical change	SP 8: T2S testing	Info source: SP2 and bilateral discussions. CDCP will align algorithm for matching of instructions in IS ECP with T2S matching standards, while we have to state that CDCP will use the matching system in T2S (for all cross-border transfers or instructions submitted by directly connected CDCP participants in T2S) as well as in IS ECP (for intra-CSD transfers).
6. T2S schedule of settlement day		Not compliant yet	G	Market practice change	Migration to T2S	Info source: SP2/SP3 and bilateral discussions. CDCP plans for full compliance with T2S schedule and calendar
7. Corporate Actions T2S CA standards (59)	Market claims (27 standards)	0%	R	Regulatory/legislative change	No information yet	Info source: CASG gap analysis survey 2012. No standards are implemented. Nevertheless, the CSD has a clear plan to implement them with concrete measures and ambitious deadlines. Need for legislative changes: has been identified in addition to major changes in market practice.
	Transformations (14 standards)	0%		Regulatory/legislative change		
	Buyer protection (18 standards)	0%		Regulatory/legislative change		
Legal Harmonisation	9. Settlement Finality II: Irrevocability and enforceability transfer order	Not compliant yet	Y	Regulatory/legislative and technical change	Migration to T2S	Info source: T2S NUGs surveys 2011 and 2012. SP2 and bilateral discussions. CDCP shall eliminate the differences in matching rules in its operations but legislative change is required.
	10. Settlement Finality III: Irrevocability of securities transfers.	Not compliant yet	Y	change in CSD rules	Migration to T2S	Info source: T2S NUGs surveys 2011 and 2012. SP2 and bilateral discussions. Change in the rules of the CSD. No need for legislative change. Further clarifications are required for the assessment of any potential regulatory approval.
CSD account structures	15. Availability of omnibus accounts	OK	B	Fully compliant	N/A	Info source: T2S NUGs survey and bilateral discussions. No issue
	16. Restrictions on omnibus accounts	Not compliant yet	Y	legislative change	No information yet	Info source: T2S NUGs survey and bilateral discussions. Restrictions on SK investors when CDCP acts as Investor CSD
Priority 2						
20. Corporate Actions	CA market standards (68)	n/a	R - no info		No information yet	Info source: BSC/E-MIG Survey (November 2012). T2S Team received no info from EMIG on CDCP results.
26. Securities amount static data		Not compliant yet	Y	Market practice change/ Technical change	Migration to T2S	Info source: T2S NUGs survey and bilateral discussions. Slovakian market will comply when CDCP migrates to T2S



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