

The Swedish National T2S User Group

27 June 2007

European Central Bank
Secretariat Division
Kaiserstrasse 29
D-60311 Frankfurt am Main
Sent by e-mail to:
ecb.secretariat@ecb.int

T2S consultation paper: general principles and high-level proposals

The Swedish National T2S User Group (NUG; under formation) welcomes the opportunity to comment on the principles and proposals for user requirements concerning T2S. The Swedish NUG represents for the time being the members of the Swedish Bankers' Association and the Swedish Securities Dealers' Association and includes a representative from NCSD. Representatives from the Riksbank only attend the meetings of the NUG as observers.

The Swedish NUG concentrates its comments to a few issues which are of fundamental importance for a well-functioning clearing and settlement system from our perspective. Members of the NUG will also reply individually to the different principles and proposals presented in the consultation paper.

Multi-currency functionality

Multi-currency functionality is very important to market participants from the Nordic countries, and therefore the possibility to settle other currencies than € should be designed as part of the functionality when drafting the user requirements and scheduled in the same manner as the transition of € countries to T2S will be done. The multi-currency perspective needs to be integrated in all principles and proposals for T2S.

End-investor level account structure

Support for the end-investor account structure is of vital importance for the Nordic countries. Lack of functionality and support for this market model would lead to a need to maintain duplicate set-ups in the end-investor markets, thus increasing costs and making these markets worse-off compared to markets with omnibus-account structure. One important aspect to take into account in this context is the need for liquidity and how this liquidity is provided. The T2S-system should not increase the need for central-bank money for the settlement process.

A level playing field

There has to be a level playing field for all of the markets joining the T2S set-up - a view that has been shared also by ECOFIN and accepted by ECB representatives. Additional costs due to a local currency or a different account structure can not be accepted.

High level of harmonization

High level of harmonisation is important to achieve financial efficiency of T2S and it should not be jeopardised by local regulatory actions. Harmonisation of market rules and regulations is a key factor for the success of the T2S model. We support only one set of rules, processes, practices and deadlines that would be commonly drafted and agreed by all CSDs and participants/users in the T2S.

Direct technical access to T2S

We support direct access to T2S for the participants. Compulsory routing through CSDs would lead to duplicate the process. Also matching of instructions should take place directly in the T2S Lifecycle Management and Matching module and any additional layers or rules for matching in local CSDs should be avoided. Direct access is important also to ensure minimal delays in instructing to and receiving reporting from T2S.

Definitions needed

According to our view the T2S-project needs to focus more on developing clear definitions of terms and functions mentioned in the consultation paper since otherwise there is a substantial risk that participants in the project will interpret them differently.

Yours Sincerely

The Swedish National T2S User Group

Göran Fors
Chairman of the NUG
Global Head of Custody Services
SEB

Tomas Tetzell
Secretary of the NUG
Chief Legal Officer
Swedish Bankers' Association