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## Feedback to consultation paper

<b>Document Title</b>	<b>T2S Consultation Paper: Principles and High Level Proposals</b>
<b>Document Reference</b>	<b>070323_note_ConsultPrincipalsProposals_v0.98.doc</b>
<b>Issued for review</b>	<b>26.04.2007</b>
<b>Deadline for review</b>	<b>21.06.2007</b>

<b>Proposal Nr.</b>	<b>Statement</b>	<b>Comment</b>	<b>Institution</b>	<b>Confidential</b>
1	I do not agree entirely	Concerns and specificities of end-investor CSDs should be clarified in more detail	OP Bank Group	No
2	I do not agree entirely	Comment to proposals 2 to 5 cash accounts and payment functionalities should be clarified in more detail	OP Bank Group	No
3	I agree		OP Bank Group	No
4	I agree		OP Bank Group	No
5	I agree		OP Bank Group	No
6	I agree		OP Bank Group	No
7	I agree		OP Bank Group	No
8	I do not agree entirely	Currently in the Finnish account structure some restrictions, like pledge, requires own account type. Also there is a possibility to move securities to specific clearing account for the time of settlement period. Technically these clearing account could be use as an interface between CSD system and T2S system. So only clearing account are mirrored between CSD and T2S. Beneficial owner accounts (end-investor accounts) are not mirrored at all.	OP Bank Group	No
9	I agree		OP Bank Group	No
10	I do not agree entirely	OP Bank Group suppose that this means that beneficial owner accounts are mapped directly to T2S. This doesn't sound reasonable. (See comment from proposal 8).	OP Bank Group	No
11	I agree		OP Bank Group	No
12	I agree		OP Bank Group	No
13	I agree		OP Bank Group	No
14	I agree		OP Bank Group	No
15	I agree		OP Bank Group	No
16	I agree		OP Bank Group	No
17	I agree		OP Bank Group	No
18	I agree		OP Bank Group	No
19	I agree		OP Bank Group	No

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20	I do not agree entirely	OP Bank Group overall support harmonisation of operations and market practices. However we would like to point out that client level settlement (like in end-investor account models) or corporate action payments during national bank holidays would in practice require that also the national payment systems are open for settlement. It is remarkable cost for the participants to keep operations running on national bank holidays and therefore the need and feasibility of such a timetable must be carefully evaluated. The biggest need that we see for keeping systems open on outside the national payments systems operating hours would be need to make collateral transfers (free of payment).	OP Bank Group	No
21	I do not agree entirely	The current Finnish market does not have night time settlement. We estimate that also in T2S the day-time settlement will be the main settlement period for Finnish market. This is due to the high number of foreign investors and Finnish end-investor account model. Instructions from foreign (specially U.S) investors arrive during the night time and therefore night-time settlement is too early for these transactions. OP Bank Group also requests more technical nettings and optimisation batch to the day-time settlement period. Especially we feel crucial to have technical netting in the beginning of the day-time settlement.	OP Bank Group	No
22	I do not agree entirely	First batch should be at the beginnig of the settlement day at least. Preliminary information of the settlement statuses are required regulary. Also it is important to know what actions will be done at night-time (ie. CA batches).	OP Bank Group	No
23	I do not agree entirely	Night-time is needed for the CA, preliminary infromation, optimisations etc. batches at local CSDs	OP Bank Group	No
24	I agree		OP Bank Group	No
25	I agree		OP Bank Group	No
26	I do not agree entirely	Please be advised that at the Finnish market CSD is driving following batches during the night time; transfers of book-entry accounts, booking of restrictions to the book-entry accounts and CAs.	OP Bank Group	No
27	I agree		OP Bank Group	No
28	I agree		OP Bank Group	No
29	I agree		OP Bank Group	No
30	I do not agree entirely	Definition of matching should be clarified and it is unclear how matching should be understood in this context. Also it is important that matching practices are harmonised in all markets which belongs to T2S. At the Finnish market on-exchange trades are already matched at the Helsinki Stock Exchange's (HSE) trading system. Matched trades are transferred automatically into Finnish CSD's settlement system. OTC trades are matched at the Finnish CSD's settlement system.	OP Bank Group	No
31	I agree		OP Bank Group	No

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32	I agree		OP Bank Group	No
33	I agree		OP Bank Group	No
34	I agree		OP Bank Group	No
35	I agree		OP Bank Group	No
36	I agree		OP Bank Group	No
37	I do not agree entirely	If trades are already matched and/or optimisations are done how trades will be taken out of the settlement process ie. due to restriction?	OP Bank Group	No
38	I agree		OP Bank Group	No
39	I agree		OP Bank Group	No
40	I agree		OP Bank Group	No
41	I do not agree entirely	Is this really necessary functionality. This is not practice at the Finnish market (any more).	OP Bank Group	No
42	I do not agree entirely	There is a need to receive specific details of algorithms so that we understand how this model is working (ie. is algorithm to be used for settlement optimising securities or cash, is it prioritising cross-border or domestic transactions or is it done at market based).	OP Bank Group	No
43	I agree		OP Bank Group	No
44	I do not agree entirely	First batch should be at the beginning of the settlement day at least. Preliminary information of the settlement situation is required regularly. Also it is important to know what actions will be done at night-time (ie. CA batches).	OP Bank Group	No
45	I do not agree entirely	As already mentioned preliminary information is required i.e. for knowing the need for the loans.	OP Bank Group	No
46	I agree		OP Bank Group	No
47	I do not agree entirely	This needs to be clarified in more detail.	OP Bank Group	No
48	I agree		OP Bank Group	No
49	I agree		OP Bank Group	No
50	I agree		OP Bank Group	No
51	I agree		OP Bank Group	No
52	I completely disagree	In the Finnish book-entry system part of static data is produced by account operators (banks), who operate the book-entry system under an authorisation granted by the CSD. Also in T2S account operators, who have direct technical access to T2S should have a access to the Authorisation interface under the approval of the local CSD. This would enable a streamlined and cost-effective operating model for static data.	OP Bank Group	No
53	I agree		OP Bank Group	No
54	I agree		OP Bank Group	No
55	I agree		OP Bank Group	No
56	I agree		OP Bank Group	No
57	I agree		OP Bank Group	No

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58	I agree		OP Bank Group	No
59	I agree		OP Bank Group	No
60	I completely disagree	This estimated settlement volume is definitely too low (i.e. This volume covers Finnish and Swedish markets on peak days! On NOKIA dividend day it is possible that in Finland we have about 1 mio dividend transaction on one day.)	OP Bank Group	No
61	I agree		OP Bank Group	No
62	I agree		OP Bank Group	No
63	I agree		OP Bank Group	No
64	I do not agree entirely	How this will work in practice? Is there possibility that CSDs will charge about this service?	OP Bank Group	No
65	I do not agree entirely	How long information is archived? In Finland this information needs to be archived ten years.	OP Bank Group	No
66	I do not agree entirely	OP Bank Group feel that it is hard to make any comment on most preferable migration alternative at this stage of the project. However migration period should be planned to be as short as possible.	OP Bank Group	No
67	I do not agree entirely	Target is to minimize the overall market impact. Some further issues is however required to notice: 1) Account structure - At the Finnish market we have beneficial owner account structure for Finnish clients and this is based to the Finnish law. This beneficial owner account model should also be core business area at T2S and should not be charged separately from those countries who needs this account model. 2) Pricing - In order not to influence competition between CSDs and T2S customers it must be ensured that the services are provided to each other on the same price conditions and with the same quality, without any advantage of high volymes. 3) OP Bank Group is strongly involved into NCSD's Nordic Single project which is targeting to have one common Nordic model for Finnish and Swedish securities market (including settlement, clearing, corporate actions, account structure etc.). We are worry about the consequences which this might impact to T2S! It is not acceptable that after we have installed new T2S system we still have all possible old settlement and clearing systems at the Finnish market. T2S has to lead to the situation that every	OP Bank Group	No