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Secretariat Division  
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1 April 2008

**Subject: Market Feedback on T2S User Requirements**

Dear Sirs,

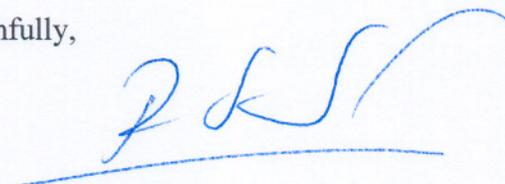
In this letter we would like to express the opinion of the Latvian NUG regarding the T2S User Requirements. Latvian NUG includes representatives from the Latvian Central Depository (LCD), the Bank of Latvia, the Financial and Capital Market Commission, the State Treasury and the Association of Commercial Banks. The analysis of T2S User Requirements had led us to the decision that they are well worked out. After getting acquainted with project in more details we have come to the conclusion that T2S User Requirements will offer many novel settlement possibilities for the Latvian financial market participants. Taking into account previously mentioned, we will confine ourselves with the expression of common opinion without attachment of Market feedback template. Expressing our positive position towards prepared T2S User Requirements, we would like to draw your attention that there are several issues that, in our point of view, are essential for further decision making process regarding participation in T2S.

1. In order to evaluate the business case in T2S, LCD and Latvian banking community have expressed worries about lack of precise information on costs of the T2S project (particularly those applied to CSDs and allocation T2S project costs between possible direct users of T2S) and the pricing of T2S services. Depending on that information market participants can start to work out their own business models. Latvian banking community has added their opinion that current domestic transaction costs in Baltic are lower compared to the European ones and possible higher fees for end-clients can cause opposite effect to the goal of T2S.
2. The next issue arises from the previously mentioned. There is a concern whether, within T2S infrastructure, CSDs with large turnover would not be favoured over smaller markets such as Baltic market.
3. The future governance structure of T2S platform and supervision/oversight of CSDs participating in T2S should be clarified and clearly defined.

4. In order to ensure a stable environment for CSD services and related investments, the scope of services provided by T2S should remain consistent over time.

We hope that our response will be useful for deciding the further movement of the T2S project.

Yours faithfully,



**Raitis Vancāns**

Member of the Management Board of Latvian Central Depository

On behalf of Latvian NUG