

T2S Project

Reference Texts: Initiative 07/07/2006

<http://www.ecb.europa.eu/press/pr/date/2006/html/pr060707.en.html>

Official launch of the T2S project by the ECB on 17/07/2008

Link: <http://www.ecb.europa.eu/press/pr/date/2008/html/pr080717.en.html>

Launch Date: T2S implementation plan is currently under review. Initially the following 4 waves of migration were planned:

- Wave 1(22 June 2015): BOGS, CSD of Romania, CSD of Malta, MonteTitoli, Six Sis Ltd
- Wave 2 (28 March 2016) : NBB-SSS, Euroclear ESES, Interbolsa,
- Wave 3 (12 September 2016) : Clearstream Banking Frankfurt, OeKB, LuxCSD, VP Securities, VPLux,
- Wave 4 (6 February 2017) : Iberclear, CSD of Slovenia, Euroclear Fin, CSD of Estonia, CSD of Lithuania, CSD of Slovenia, Keler Hungary, BNY Mellon

BNY Mellon has confirmed it will not launch its CSD activity. Montetitoli postponed its migration to 2015, August the 31st and Euroclear has indicated its uncapacity to migrate on September 2016. 3 options have been further analysed to redefine a new planning during a dedicated T2S CSG on 2015 December the 10th and the following scenario has been issued and been endorsed by the Council of Governor in 2016, March the 18th.

Wave 1 22 Jun 2015 - 31 Aug 2015	Wave 2 28 Mar 2016	Wave 3 12 Sep 2016	Wave 4 6 Feb 2017	Final wave 18 Sep 2017
Bank of Greece Securities Settlement System (BOGS)	Interbolsa (Portugal)	Euroclear Belgium	Centrálny depozitár cenných papierov SR (CDCP) (Slovakia)	Baltic CSDs (Estonia, Latvia, Lithuania)
Depozitarul Central (Romania)	National Bank of Belgium Securities Settlement Systems (NBB-SSS)	Euroclear France	Clearstream Banking (Germany)	Euroclear Finland
Malta Stock Exchange		Euroclear Nederland	KDD - Centralna klirinško depotna družba (Slovenia)	Iberclear (Spain)
Monte Titoli (Italy)		VP Lux (Luxembourg)	KELER (Hungary)	
SIX SIS (Switzerland)		VP Securities (Denmark)	LuxCSD (Luxembourg)	
			Oesterreichische Kontrollbank (Austria)	

T2S is currently evolving to :

- a phase of consolidation with Target 2 platform for synergies
- an harmonization of technical processing and procedures of collateralisation in the Eurosystem through a new paneuropean system called ECMS (European Collateral Management System)

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Presentation:

T2S or TARGET¹ 2 - Securities is a European initiative proposed by the European Central Bank (ECB) on 7 July 2006. The project was officially launched on 17 July 2008 and entrusted to 4 European central banks (France, Germany, Italy and Spain). This initiative stemmed from the willingness of the European authorities to encourage the consolidation of European post-market infrastructures, specifically Central Securities Depositories (CSDs), in order to promote better market integration and facilitate cross-border investments with reduced costs and processing delays in a secure environment.

Profiting from the successful rollout of the Target 2 platform, which deals with payments in euros between European national central banks, the ECB wanted to provide European CSDs with one single platform for processing the settlement of securities in European central bank money. Initially only the Euro zone was targeted, but the ECB quickly realised that extending the scope to other European countries would be beneficial. To this end, the T2S platform, which uses the same technical architecture as T2, centralises securities accounts of the Central Securities Depositories (CSDs) connected to T2S with their cash accounts opened with the central banks. The consolidation of the accounting environments for platform participants enables automatic settlement between CSDs, as well as simultaneous securities delivery and cash settlement.

T2S is only a technical platform and not a new CSD for Europe. As the Eurosystem only acts as a platform operator, participating CSDs and national banks remain responsible for their accounts and for supervising the processing cycle. Moreover, only settlement is concerned, all other services relating to the financial instruments, such as issuer services or corporate actions, will continue to be managed by the CSDs. Depending on the client profiles, CSDs will be able to offer them the opportunity either to connect directly to T2S (which is expected to be the case for pan-European players, major custodians, clearing houses and stock exchanges) or to continue to use their legacy channel for transmission of their instructions (for smaller scale players and/or with a mainly domestic business).

Current Situation:

- Validation of the Framework Agreement by the Council of Governors (17/11/ 2011)
- Choice of two Value Added Network (VAN) suppliers (30/11/2011). The licences have been attributed at SWIFT and SIA/COLT (23/12/2011). CoreNet has been retained by the ECB for the dedicated line option for T2S connectivity (17/11/2011): no T2s actor declares its interest to use this connectivity option, so the Dedicated link option will not be made available by the ECB.
- The Currency Participation Agreement (the possibility for the central banks outside the euro zone to allow their local currency to participate in T2S) has been validated by the Governing Council
- Le Currency Participation Agreement (possibilité pour les banques centrales européennes hors zone euro d'autoriser leur devise nationale à participer à T2S) a été validé par le Conseil des Gouverneurs le 23/02/2012
- 17 CSDs of euro countries and 5 of non-euro countries signed the framework agreement (including BNY Mellon, recently agreed as a CSD)
- 31 candidates for DCP (Direct Connected Participant) on 2013 October the 15th
- 22 June 2015: BOGS, Romania, Malta, Six Sis Ltd migrated to T2S
- 31 August 2015 Monte Titoli migration
- October 2015 ESES migration postponement request from Euroclear
- 10 December 2015 T2S CSG draft the new migration planning
- 18 March 2016 Governor Council endorsed T2S CSG planning proposal
- 12 September 2016 wave 3 migration
- 6 February 2017 wave 4 migration
- 18 September 2017 migration of Iberclear, Euroclear FIN, Baltic CSDs (Lithuania, Estonia, Latvia)

Next Step(s):

October 2018 : migration of CSD and currency (DKK) of Denmark

¹ Trans European Automated Real time Gross settlement Express Transfer

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Find out more :

T2S General specifications :

http://www.ecb.int/paym/t2s/pdf/t2s_general_specifications.pdf?4532318ac20e37f3ba212ac6fd8ea459

URD and UDFS:

<http://www.ecb.europa.eu/paym/t2s/about/keydocs/html/index.en.html>

Framework agreement:

http://www.ecb.int/paym/t2s/pdf/csd_FA/T2S_Framework_Agreement_Schedules.pdf?3786b19880a499a545346519f687cda0

Currency participation agreement:

<http://www.ecb.int/paym/t2s/progress/pdf/currency-participation-agreement-including-schedules.pdf?42ae01c6276c4e9138ed5fc63709d42d>

ECB Web pages of T2S

<http://www.ecb.europa.eu/paym/t2s/html/index.en.html>

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