

ZENTRALER KREDITAUSSCHUSS

MITGLIEDER: BUNDESVERBAND DER DEUTSCHEN VOLKSBANKEN UND RAIFFEISENBANKEN E.V. BERLIN · BUNDESVERBAND DEUTSCHER BANKEN E.V. BERLIN
BUNDESVERBAND ÖFFENTLICHER BANKEN DEUTSCHLANDS E.V. BERLIN · DEUTSCHER SPARKASSEN- UND GIROVERBAND E.V. BERLIN-BÖNN
VERBAND DEUTSCHER PFANDBRIEFBANKEN E.V. BERLIN

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European Central Bank
Secretariat Division
Kaiserstraße 29
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**TARGET2-Securities Consultation Paper:
“General principles and high-level proposals for the user requirements“
here: ZKA-Response**

Dear Sir or Madam,

the ZENTRALER KREDITAUSSCHUSS welcomes the opportunity to comment on the T2S consultation paper “General principles and high-level proposals for the user requirements” and it is our pleasure to enclose a template outlining our joint position to this effect. Should you have any queries regarding our comments, please do not hesitate to contact us.

Yours sincerely,
on behalf of
the ZENTRALEN KREDITAUSSCHUSS
Deutscher Sparkassen- und Giroverband



Dr. Thomas Schürmann



Dr. Lars Röh

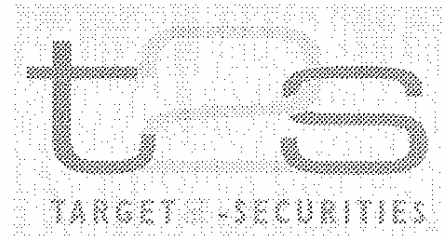
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Comments of the Zentraler Kreditausschuss (ZKA)¹ on the T2S Consultation paper “General principles and high-level proposals for the user requirements“

27 June 2007

¹ The ZKA is the joint committee operated by the central associations of the German banking industry. These associations are the *Bundesverband der Deutschen Volksbanken und Raiffeisenbanken (BVR)*, for the cooperative banks, the *Bundesverband deutscher Banken (BdB)*, for the private commercial banks, the *Bundesverband Öffentlicher Banken Deutschlands (VÖB)*, for the public-sector banks, the *Deutscher Sparkassen- und Giroverband (DSGV)*, for the savings banks financial group, and the *Verband deutscher Hypothekenbanken (VdH)*, for the mortgage banks. Collectively, they represent almost 2,500 banks.



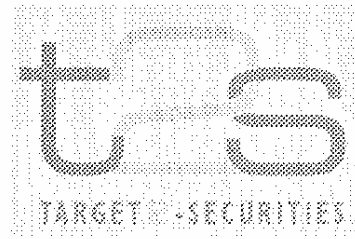
T2S Market Consultation

Response Template

Document Title	T2S Consultation Paper: Principles and High Level Proposals
Document Reference	070323_note_ConsultPrincipalsProposals_v0.98.doc
Issued for consultation	26.04.2007
Deadline for response	27.06.2007

submitted by

**ZENTRALER KREDITAUSSCHUSS
(ZKA)**



T2S Market Consultation

How to use the feedback template

- 1 Please add the name of your institution in the first page
- 2 For each proposal:
 - 2,1 Please choose the proposal
 - 2,2 Select the general statement from the list
 - 2,3 Please add a comment, at least in case you disagree with the proposal
 - 2,4 Please indicate whether the comment is to be treated as comment which is not to be made public
- 3 Submit this excel sheet to the T2S team as indicated in the Consultation Paper

Feedback to consultation paper

Document Title	T2S Consultation Paper: Principles and High Level Proposals
Document Reference	070323_note_ConstultPrincipalsProposals_v0.98.doc
Issued for review	26.04.2007
Deadline for review	27.06.2007

Proposal Nr.	Statement	Comment	Institution	Confidential
1	We agree	One-to-one transfer of account structure possible. Clearstream (or, in the case of direct access, the bank) is in charge of mapping. Regarding the structure of securities accounts, these will need to be built from scratch. In the case of direct access the bank will have to reproduce what Clearstream already has in place (technical dependence only if access is via Clearstream; but the CSD will have to publish its specifications). This kind of harmonised structure should simplify communication between CSDs. As with cash there will be a need for a mapping table. Banks must integrate this when accessing T2S directly.	ZKA	No
2	We agree	Even with non-netted transfers there should be no extra costs for T2 transfers. The feasibility study showed that the security settlement cost should cover TARGET2 costs. Consolidated transfers continue to make good sense but single data carriers should be available.	ZKA	No
3	We agree		ZKA	No
4	We agree		ZKA	No
5	We agree		ZKA	No
6	We agree		ZKA	No
7	We agree		ZKA	No
8	We agree		ZKA	No
9	We agree	Option is nice to have, but should not be mandatory.	ZKA	No

RESTRICTED

Proposal Nr.	Statement	Comment	Institution	Confidential
10	We agree	Many market participants welcome this option. It should be possible to use many accounts, with the bank defining internally where a customer's securities are held.	ZKA	No
11	We do not agree entirely	Reference data should not be defined too narrowly. A broader definition might be necessary to allow for technical mapping of the administration of securities accounts.	ZKA	No
12	We agree		ZKA	No
13	We agree		ZKA	No
14	We agree		ZKA	No
15	We agree		ZKA	No
16	We agree		ZKA	No
17	We agree		ZKA	No
18	We agree	As mentioned in the explanatory text, this should only hold true when non-harmonised deadlines are solely for non-settlement processing. In general, however, European harmonisation should be aimed at.	ZKA	No
19	We agree		ZKA	No
20	We agree		ZKA	No
21	We agree		ZKA	No
22	We agree		ZKA	No
23	We do not agree entirely	Proposal should make clear that harmonisation by 2013 is a basic goal. Night-time settlement should on no account be terminated in places where it exists. And disadvantages for market participants because of the lack of night-time settlement in some countries should be avoided. Harmonisation is desirable because it would help to achieve optimum efficiency.	ZKA	No
24	We agree		ZKA	No
25	We do not agree entirely	See 23. Harmonisation should be a major goal.	ZKA	No
26	We agree		ZKA	No
27	We agree		ZKA	No
28	We agree	It should be clarified that "throughout the day" means settlement day (i.e. including the night) and not just daytime settlement. (We have no objection to maintenance windows because instructions can still be input.)	ZKA	No
29	We agree	In Germany there are currently different cut-off times for different processes. There should be a similar procedure here, too (the same cut-off times across borders for any one particular process but not necessarily a single identical cut-off time for different processes). "One harmonised set" seems to signify something along these lines.	ZKA	No

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Proposal Nr.	Statement	Comment	Institution	Confidential
30	We do not agree entirely	Matching should only take place in T2S. The objective should be to have a harmonised market by 2013. But some open questions remain about how transactions at Deutsche Börse, for example, can be matched.	ZKA	No
31	We agree		ZKA	No
32	We agree		ZKA	No
33	We agree	We understand "binding" to mean that only mutual agreement on rematching can make this possible. This means both parties have to agree to an unmatching.	ZKA	No
34	We agree		ZKA	No
35	We agree	This would mean that the identity of the final investor is not a matching criterion.	ZKA	No
36	We agree		ZKA	No
37	We do not agree entirely	Chaining, linking, blocking and deblocking would be desirable added functions.	ZKA	No
38	We do not agree entirely	There would also have to be common rulesets for added functions (see 37).	ZKA	No
39	We agree		ZKA	No
40	We agree		ZKA	No
41	We agree		ZKA	No
42	We agree		ZKA	No
43	We do not agree entirely	The blocking of deliveries (and blocking of receipts) should be able to effectively foreclose settlement.	ZKA	No
44	We agree		ZKA	No
45	We agree		ZKA	No
46	We agree		ZKA	No
47	We agree		ZKA	No
48	We do not agree entirely	There should be harmonised periods for how long T2S will try to effect settlement and for how long before the settlement date participants can input instructions.	ZKA	No
49	We agree		ZKA	No
50	We agree		ZKA	No
51	We do not agree entirely	If a CSD decides not to join T2S, no additional costs should be imposed on other participants to "reward" the non-participant with easier access.	ZKA	No
52	We agree		ZKA	No
53	We agree	Static data should mean non-cash data.	ZKA	No
54	We agree	It should also be mentioned who has reading rights.	ZKA	No
55	We agree	Access is formally granted by CSDs. However, a CSD should not deny one of its participants direct access to T2S.	ZKA	No

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Proposal Nr.	Statement	Comment	Institution	Confidential
56	We agree	During maintenance windows instructions can still be fed in, but they will only be stored and processed after the end of maintenance.	ZKA	No
57	We agree	This makes good sense where purely CSD-specific functions are concerned. But if data may have an impact on banks and other users, it should be freely accessible.	ZKA	No
58	We agree		ZKA	No
59	We agree		ZKA	No
60	We agree	The system must be able to handle peak volumes and have some reserves. The amount of these reserves should be optimised to keep costs in check. It is difficult to say at this stage whether 2.1 million is the right figure.	ZKA	No
61	We agree	necessary peak volume should be thoroughly analysed. 200% of average settlement volume (or 300% max) should suffice.	ZKA	No
62	We agree		ZKA	No
63	We agree		ZKA	No
64	We agree		ZKA	No
65	We agree		ZKA	No
66	We agree		ZKA	No
67	We do not agree entirely	In line with principle 17 harmonisation should be an important goal. But at the same time all harmonisation must be economically viable.	ZKA	No