

**Computershare Investor Services (Ireland) Limited**

Heron House  
Corrig Road  
Sandyford Industrial Estate  
Dublin 18  
Telephone +353 (0) 1 2163100  
Facsimile +353 (0) 1 2163151  
DX 103004 stillorgan  
www.computershare.com

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Our Ref: DH

The Secretariat  
European Central Bank

Dear Sirs,

**Response to Target 2 Securities (T2S) Consultation**

Computershare welcomes the opportunity to respond to the T2S consultation process. As the largest provider of share registration services to issuers in Ireland we are broadly enthusiastic to the idea of a cross border pan European settlement system.

Our understanding is that T2S would be a centralised book entry system for settling European securities against central bank money and that CSDs would effectively outsource their euro settlement to T2S. Issuers, Investors and Registrars, would continue to have their relationships with national CSDs (Euroclear in the case of Ireland and UK).

It also our understanding T2S would be available for settlement in currencies other than euro, e.g. Sterling, Danish Kroner etc. This would be essential for the Irish market as both euro and Sterling currencies are used in securities trading.

ECB believes that changes brought about by T2S will result in a more competitive market with reduced settlement costs and may open up commercial opportunities for market participants. Whilst these benefits have been highlighted by ECB, the level of detail available does not yet allow individual market participants to decide whether T2S will benefit them or their customers. In order to undertake a full impact and cost / benefit analysis a number of questions remain outstanding. These include, but are not limited to:

- If participants linked both to T2S and a CSD how are costs expected to reduce if participants, including Registrars, are running dual systems?
- How effective will T2S be if Sterling does not participate?
- How will stamp duty be handled?
- How will securities be transferred if they are held in CSD but settlement is made within T2S?
- How would the share registers be updated in Ireland and UK?
- How will process effect countries such as Ireland that currently do not have Electronic Transfer of Title (ETT)?
- How will Corporate Actions be handled, as many of these involve the transfer of stock against cash between CSDs and Registrars / Receiving Agents?
- Who exactly will own T2S system and who will participants contract with?
- How will security balances be maintained?
- Will there be a duplication of record keeping with both T2S and CSDs holding data?
- Have the consequences of night time settlement been considered as this is likely to push up share registration costs to issuers?
- How will T2S handle transfer of stock with no cash as the stock is not held in T2S?
- Will T2S allow settlement of non Euro stocks, including Channel Island & Isle of Man registered companies?
- Will T2S lead to less shareholder transparency and if so does this go against EU directive in this area?

As a Registrar/ Receiving Agent, Computershare require a much greater level of detail and information regarding:

- ❖ Link up between Registrars, T2S and CSDs
- ❖ Messaging interfaces
- ❖ Reconciliation processes
- ❖ Tariffs, if any, that would be levied by T2S on Issuers / Registrars
- ❖ Impact on Corporate Action processing.

We trust the above questions will be addressed when Economic Impact Analysis study is undertaken and that we will be provided with the relevant level of detail in order that we can progress the project within our own organisation and with our fellow market participants.

Yours sincerely

A handwritten signature in black ink, appearing to read "Donald Halligan". The signature is written in a cursive, flowing style.

**Donald Halligan**  
**Director > Client Services**  
**Computershare Investor Services (Ireland) Limited**