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Dear Sirs

Omgeo Limited (“Omgeo”)¹ is grateful for the opportunity to respond to the ECB T2S public consultation. Omgeo does not provide CSD or custodian services and is therefore commenting on the wider market impact.

Omgeo operates in the post-trade pre--settlement area and has been working over the past 2 years to highlight the benefits of the generic process we refer to as Same Day Affirmation (“SDA”). This has been the subject of presentations by Omgeo to the staff of the ECB in 2006 and 2007.

Same Day Affirmation is the ability of an investment manager and broker-dealer to match details of a trade on trade-date (T+0). Achievement of SDA requires 100% automation via the following processes:

- automated block trade instruction from Broker/Dealer to Client with real-time agreement/rejection
- automated allocation instruction from Client to Broker/Dealer with real-time agreement/rejection
- automated exchange of settlement instructions (“SSI’s”)

¹ Omgeo is a joint venture between The Depository Trust & Clearing Corporation and The Thomson Corporation. Omgeo began operations in 2001. It combines in a single business the TradeSuite service formerly operated by The Depository Trust & Clearing Corporation’s subsidiary, The Depository Trust Company, with the post-trade pre-settlement services formerly operated by subsidiaries of The Thomson Corporation. Its wide range of services helps Omgeo’s clients achieve straight through processing of their trades. More information about Omgeo is available on its website, www.omgeo.com

- automated instruction to settlement agent (global custodian, local sub-custodian, clearing-broker, prime-broker)
- all processes complete by end of day on T+0.

Omgeo supports the concept of SDA because it focuses on efficiency at the beginning of the transaction lifecycle. SDA puts focus on desired result and SDA can be achieved by a variety of technology and operating models. Our clients consistently state that agreement of a block-trade and prompt generation of allocation instructions from buy-side to sell-side is the right first step to other post-trade efficiencies. It reduces risk and results in a more stable market, and we believe there is widespread industry consensus for this view. The issue is highlighted in the letter from the Operations Management Group dated March 27th 2008 to Mr Timothy Geithner, Chairman of the US Federal Reserve. Whilst this letter addresses the OTC derivatives market, we believe many of the principles outlined are generic and can be applied to all securities and derivatives markets.

Whilst Omgeo and many other service providers have been able to facilitate SDA for many years the achievement of SDA varies widely by market and asset-class. Internal research performed by Omgeo in 2006 (and presented to the ECB and CESAME groups the same year) indicates the following:

- 40% of Omgeo Europe volumes are only partially automated
 - SDA for fully-automated trades: 80%+
 - SDA for partially automated trades: 57%
- average European SDA rates (domestic trades) 61%
- average European SDA rates (x-border trades) 68%
- significant regional variety:
 - highest rate of SDA achieved by a European state: 81%
 - lowest rate of SDA achieved by a European state: 22%

To more accurately quantify the data in this area Omgeo has commissioned a well-known research firm to research the cost-benefits of SDA in Europe. We plan to publish the results of this research in June 2008 and will make sure it is provided to the ECB.

Our recommendation is that the issues of cost, stability and harmonization should be addressed at the beginning of the value chain: an efficient post-trading process relies on downstream processes being fed accurate, automated and timely instructions. Therefore the business and technology processes of T2S should incentivise best-practice and aim to foster the achievement of SDA.

Yours faithfully

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