

T2S ADVISORY GROUP

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Head of Markets Division
European Securities and Markets Authority (ESMA)

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T2S Advisory Group (AG) Input on ESMA's Discussion Paper on CSDR (Articles 6 & 7 on settlement discipline regime)

Dear Rodrigo,

In response to the ESMA CSDR consultation (discussion paper issued on 20 March 2014), the T2S Advisory Group (AG) decided to provide its views on some aspects of the paper related to the settlement discipline regime (CSDR articles 6 and 7).

In general, the AG welcomes and supports the approach followed by ESMA in fostering harmonisation and the creation of common post trade rules and standards in the EU. This is what we very often refer to, in our own T2S harmonisation agenda, as the "single rule book" for post trade processing. This approach is contributing to the EU financial market integration as well as the safe and efficient cross-border settlement in T2S.

In addition, the AG is raising some specific comments to ESMA, in particular on the level of detail and the possible update procedures applicable to the technical standards as well as the timing of full implementation by the CSDs.

The AG is also providing ESMA information on certain T2S functionalities which could be relevant for the CSDs' regulatory compliance with the future CSDR standards. T2S, as a common IT settlement

engine, is not and will not be subject to the CSD regulatory compliance framework. The CSDR provisions are applicable to the CSDs themselves. However, the AG has agreed that ESMA, in designing the final regulatory technical standards, could take into consideration the service level and information reporting which is planned to be provided by the T2S platform to the CSDs.

Finally, the AG is currently investigating whether to provide further input to ESMA's discussion paper, on issues other than the settlement discipline ones. This work is still on-going and will most probably not be finalised before mid-June 2014. The AG may decide to submit these further comments for ESMA to be considered on a best effort basis.

We remain at your disposal in case you need further clarifications on the AG feedback.

Yours sincerely,



Jean-Michel Godeffroy,

Chairman of the T2S Advisory Group

Encl.

AG Feedback on ESMA Discussion Paper

Technical Annex