



EUROPEAN CENTRAL BANK

EUROSYSTEM

Fourth T2S Harmonisation Progress Report

T2S Advisory Group
19 March 2014



harmonisation

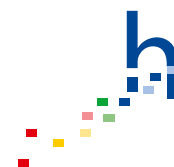


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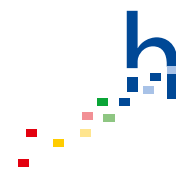
Abbreviations

Countries (covered in the report)

AT Austria	IT Italy
BE Belgium	LT Lithuania
CH Switzerland	LU Luxembourg
DE Germany	LV Latvia
DK Denmark	MT Malta
EE Estonia	NL Netherlands
ES Spain	PT Portugal
FI Finland	RO Romania
FR France	SI Slovenia
GR Greece	SK Slovakia
HU Hungary	

Others

AFME	Association for Financial Markets in Europe
AG	T2S Advisory Group
BSG	Broad Stakeholders Group
CAJWG	Corporate Actions Joint Working Group
CASG	T2S Corporate Actions Sub-group
CPSS	Committee on Payment and Settlement Systems
CSD	central securities depository
CSG	T2S CSD Steering Group
CSDR	CSD Regulation
DCA	dedicated cash account (in T2S)
DCP	directly connected party
DvP	delivery versus payment
ECSDA	European Central Securities Depositories Association
E-MIG	European Market Implementation Group
EPTG	European Post Trade Group
ESCB	European System of Central Banks
ESMA	European Securities and Markets Authority
FISCO	Clearing and Settlement Fiscal Compliance expert group
HSG	T2S Harmonisation Steering Group
IOSCO	Technical Committee of the International Organization of Securities Commissions
NUG	T2S National User Group
PSSC	Payment and Settlement Systems Committee
SP	Synchronisation Point
SSS	securities settlement system
SFD	Settlement Finality Directive
T-BAG	Tax Barriers Business Advisory Group
TFAX	Task Force on adaptation to cross-CSD settlement in T2S
T2S	team refers to the T2S team at the ECB
UDFS	T2S User Detailed Functional Specifications (v.1.21, 07/09/2012)
URD	T2S User Requirements Document (v.5.02, 07/09/2012)
XMAP	T2S Cross-border market practice sub-group



Preface

Only 15 months remain until T2S goes live in June 2015, when central securities depositories (CSDs) will start migrating to the new European settlement platform.

Will the European post-trade industry be able to reap the full benefits of efficient cross-CSD settlement once T2S is in place? What will be the effective contribution of T2S to financial market integration in Europe? This largely depends on harmonisation standards being successfully implemented across T2S markets.

The T2S Community, through the AG, and the Eurosystem view post-trade harmonisation as a central objective of T2S and as a key contribution to the integration of financial markets in Europe. The T2S Community is therefore working to create a single rulebook for post-trade processes (messaging protocols, legal rules, operating hours and opening days, etc.) across the 21 markets and 24 CSDs that will connect to T2S.

All rules and standards referred to in this annual publication of the T2S Advisory Group (AG) have been endorsed by the AG constituents, i.e. representatives from all T2S stakeholder categories. AG members are committed to achieving full compliance with the harmonisation standards in their respective markets and are supporting their markets in this goal.

Will all T2S markets meet the objective of full compliance with the high-priority harmonisation standards before they migrate to T2S? This report presents the work carried out by the T2S Community and the current status as of February 2014. It analyses the progress made in the last year and identifies gaps and obstacles that require further action.

Key messages

- This report shows that good progress has been made since the last reporting cycle (completed in March 2013) regarding compliance of the T2S markets with the T2S harmonisation standards. Compared with last year, the monitoring process covers two new CSDs/markets and five additional activities.
- Compliance with standards relating to 15 T2S harmonisation activities is monitored in this report. The AG has prioritised 13 of the 15 activities with the aim of T2S markets being fully compliant with them before migrating to T2S.
- For most of the 13 prioritised standards, no major obstacles to achieving full compliance in time are anticipated by the T2S markets (see Annex 3).
- The only area where full compliance requires corrective action from the T2S Community is related to the T2S corporate actions standards. However, considerable progress has been observed there, too. In last year's progress report, 77% of T2S markets identified numerous obstacles in complying with the T2S corporate actions standards before migrating to T2S, i.e. red and yellow implementation statuses. The rate has decreased in this reporting cycle to 46% (see Annex 4).
- In total, the current report monitors 312 statuses for the priority 1 standards (i.e. the compliance status of 24 markets/CSDs regarding 13 activities) compared with 176 (i.e. the status of 22 markets/CSDs for eight activities) in the previous report. The rate of cases marked as blue or green, i.e. cases where full compliance has already been achieved or where implementation is well on track, has increased from 73% to 92% since last year. At the same time, the rate of red/yellow statuses has fallen from 27% to 7%. Purely red statuses, i.e. the cases that present the most critical barriers, have also declined from 9% to 2% (see Annex 4).
- In most cases, this good progress reflects the efforts of the T2S National User Groups (NUGs), which have reached agreement on detailed implementation plans, published dates for testing and migration readiness, and obtained confirmation or adoption of the necessary regulation by national authorities.
- The deadline for full implementation of the standards depends on the migration wave of the respective T2S market. It can be observed that the harmonisation compliance plans of the markets in the earlier migration waves are typically more advanced than those in later waves (see Annex 4).
- T2S markets, CSDs and user communities are committed to achieving harmonisation in T2S and are working hard towards that shared goal. The importance of full harmonisation compliance by all T2S markets was also highlighted by the T2S Board – the T2S management body – in December 2013, based on the advice provided by the AG. The T2S Board concluded that any instances of non-compliance with the harmonisation standards should be exceptional and result from barriers that the various actors in a specific T2S market are unable to remove. The chairpersons of the NUGs should present their action plans for compliance with the standards and be ready to discuss cases of non-compliance with their peers in the AG.¹ In cases where a market is facing difficulties complying with a given standard, this report describes what actions are planned in the years ahead to try and overcome them (see Annex 4.1). It is important that national regulators also support this process.

¹ The T2S Board's view on the importance of compliance with the T2S harmonisation standards is published on the T2S website at www.harmonisation.t2s.eu.



- Some concern arises from the fact that four priority 1 activities (out of 17) are still lacking an agreed standard, while the deadline for compliance is drawing closer. The definition process for these activities has been on hold for a long time. One of the four (Settlement Finality I) is pending an agreement between CSDs and central banks. For the remaining three, resolution depends on the EU adoption of the CSD Regulation (CSDR) and the relevant technical standards. Following the political agreement reached in December 2013, the AG expects that the CSDR will be adopted at the latest by April 2014, before the European elections.
- T2S and the CSDR provide the single rulebook on post-trade: from a technical and a legal perspective. Hence, particularly regarding the high-priority T2S activities linked to the CSDR, it is of utmost importance that the CSDR and its technical standards are in place well in advance of the T2S launch, so that wave one T2S markets and CSDs have time to adapt to the new legal framework.
- If the CSDR is adopted by April as expected, two additional priority 1 standards will automatically be established and monitoring will begin (i.e. the legal framework for CSDs to outsource settlement services to a public body, and a harmonised settlement cycle of T+2). By contrast, no monitoring will be launched yet for the additional priority 1 activity related to the CSDR (implementation of a harmonised settlement discipline regime), as level 2 legislation is required in this case. The AG also envisages analysing the proposed level 2 legislation from a T2S perspective and, if necessary, will transmit the views of the T2S Community to the relevant authorities.
- In the unfortunate event that the CSDR adoption process does not progress as planned, the AG will have to urgently reassess the impact on the T2S harmonisation agenda.

1 Executive summary

The T2S Community, the Governing Council of the ECB and EU public authorities share the view that post-trade harmonisation, as part of the EU financial integration process, is a key objective of T2S. The idea underpinning this view is that financial market integration needs to be complemented and supported by the integration of the underlying infrastructure. The creation of T2S constitutes the Eurosystem's most fundamental contribution to market infrastructure integration, and it is widely recognised that the technical harmonisation fostered by T2S, coupled with the legal and regulatory harmonisation agenda currently pursued by EU legislators, is a crucial ingredient for the creation of a single market for settlement services in Europe. This was also one of the main messages that emerged during the high-level conference on "Post-trade harmonisation and financial integration in Europe", jointly held by the ECB and the European Commission in March 2013.²

The harmonisation progress reports are published on an annual basis by the AG, a group comprising over 90 senior officials from the T2S Community, including central banks, CSDs and market participants from all T2S markets, i.e. markets where at least one CSD has signed up for T2S.³ Harmonisation is one of the group's central deliverables, as stated in its mandate. More details on the AG are provided in Annex 6 to this report. Harmonisation work is coordinated by the T2S team with the help and guidance of the T2S Harmonisation Steering Group (HSG), a dedicated substructure of the AG set up in 2011.⁴

The first two harmonisation progress reports (issued in July 2011 and January 2012) concentrated on identifying the T2S-relevant harmonisation issues and the actors whose action was required to resolve those issues. The third progress report (March 2013) focused on monitoring the compliance of T2S markets with a first set of ten post-trade standards (those that had been defined and endorsed by the T2S Community and the other relevant authorities at the time).

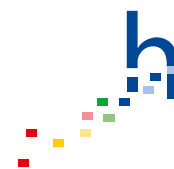
The fourth progress report contains updates on both the definition and the monitoring processes. Monitoring is extended to 15 activities (compared with ten in the previous report). It covers a total of 21 EU markets, which comprise 24 CSDs (compared with 22 in the previous report).⁵

² All proceedings of the conference, including videos and speeches, are available on the ECB's website at http://www.ecb.europa.eu/events/conferences/html/20130319_post_trade_harmonisation.en.html.

³ The list of all CSDs that have signed the T2S Framework Agreement is provided in the Introduction. It is also available on the T2S website at <http://www.ecb.europa.eu/paym/t2s/stakeholders/csd/html/index.en.html>.

⁴ Read more about the AG and the HSG at <http://www.ecb.europa.eu/paym/t2s/governance/ag/html/index.en.html> and <http://www.ecb.europa.eu/paym/t2s/governance/ag/html/hsg/index.en.html>.

⁵ The T2S harmonisation monitoring process covers only the T2S markets, i.e. markets where at least one CSD has signed the T2S Framework Agreement. Two new CSDs have joined T2S since the last report, namely Bank of New York Mellon CSD (incorporated in Belgium) and AKCIJU SABIEDRĪBA „LATVIJAS CENTRĀLAIS DEPOZITĀRIJS”, the Latvian CSD.



The table below shows the status of all of the 24 T2S harmonisation activities concerning the definition of a T2S standard, the launch of a monitoring process for assessing the level of compliance of T2S markets, and the actual compliance level observed at this stage.

Table 3 (from Annex 3): Status dashboard of the T2S harmonisation activities (as at 13/02/2014)

Activities – priority 1			Definition	Monitor	Compliance
1	T2S Messages	T2S ISO 20022 messages	G	G	G
2		T2S mandatory matching fields	G	G	G
3		Interaction for registration	G	G	G
4		Interaction for tax info	G	G	G
5		Interaction for CSD ancillary services	G	G	G
6	Schedule for the settlement day		G	G	G
7	T2S Corporate actions standards		G	G	R
8	Legal harmonisation	Settlement finality I (moment of entry)	R	X	X
9		Settlement finality II (irrevocability of transfer order)	G	G	G
10		Settlement finality III (irrevocability of transfers)	G	G	G
11		Outsourcing IT services	R	X	X
12	Settlement discipline regime		R	X	X
13	Settlement cycles		Y	X	X
14	CSD Account structures	Availability of Omnibus Accounts	G	G	B
15		Restrictions on Omnibus Accounts	G	G	G
16	T2S Accounts Numbering	Securities accounts numbering	G	G	G
17		Dedicated cash accounts numbering	G	G	G
Activities – priority 2			Definition	Monitor	Compliance
18	Legal harmonisation	Location of Securities Account/Conflicts of Law	R	X	X
19	Corporate actions market standards	CA market (CAJWG) standards	G	G	Y
20	Place of issuance		R	X	X
21	Tax procedures	Withholding tax procedures	G	R	X
22	Shareholder transparency - registration		R	X	X
23	Market access		R	X	X
24	Securities amount data		G	G	G

T2S harmonisation activities are broken down according to the priority that the AG has assigned to them in the context of T2S. **Priority 1** activities are necessary to ensure efficient and safe cross-CSD settlement in T2S. The related standards should therefore be defined before the launch of T2S and markets should implement them before migrating to T2S. **Priority 2 activities** could continue to be pursued after the T2S launch; nonetheless, they are key for the enhancement of the competitive environment and the efficiency of T2S.

Regarding the definition column of the table above, green indicates that the process is complete (i.e. a standard/rule is endorsed at the T2S or EU level). Red means that there is currently an obstacle to completing the definition process (and therefore, to launching the monitoring process) and that urgent action is needed to facilitate the process.

As far as monitoring is concerned, green means that a monitoring and reporting framework has been implemented and results are regularly reported, while, at the other end of the spectrum, red indicates the absence of a monitoring framework.

Regarding compliance, blue indicates that no further action is required in any of the T2S markets. Green shows that implementation is on track overall. Yellow indicates some technical and regulatory barriers that need to be addressed by certain national markets. Finally, red indicates that there are important barriers to fully implementing the standard in some markets and thus corrective actions are required from private actors and national authorities.

More details on the colour scheme are available in Annex 1 (Methodology).

As regards progress since the third progress report, the following can be observed from Table 3.

- **Definition process** – Only limited progress can be reported with regard to the definition and endorsement of harmonisation standards: 16 out of a total of 24 standards are defined at present, i.e. only one (priority 2) activity more than in the third report (withholding tax relief procedures). Five activities have remained red (IT outsourcing, settlement discipline, location of securities accounts, place of issuance, market access) and two have moved from yellow to red because no resolution has yet been agreed (Settlement Finality I and shareholder transparency/registration procedures). On the other hand, one activity – settlement cycles – has moved from red to yellow, following indications by most markets that arrangements are being made to migrate to a T+2 settlement period in autumn 2014 and thus a standard is established “de facto”. Considerable progress in standards definition is expected to result from the adoption of the CSDR (expected by April 2014).
- **Monitoring process** – All T2S markets (comprising 24 CSDs, two more than in the previous report) are fully monitored to assess their compliance status with the harmonisation standards. There are well-established and agreed monitoring frameworks, deadlines and responsible actors for further action in these markets. The number of monitored activities has increased from 38% (10 out of 26) in the third report to 63% (15 out of 24) in the current one. This represents 76% of the issues that are marked as first priorities (compared with 42% in the third report).
- **Compliance status** – The rate of compliance has improved, with only one activity marked in red and two in yellow (representing an average of the compliance status of all markets) out of 15 (compared with two reds and two yellows out of ten in the third progress report).

Despite the very good progress made, there are still significant steps ahead to remove the remaining technical and regulatory barriers and ultimately achieve a truly open and efficient cross-border settlement environment in the EU and in T2S. Since the publication of the previous T2S harmonisation progress report, there has only been little progress in terms of the definition of new standards and, consequently, in terms of launching new monitoring campaigns. This is mostly owing to the fact that the elimination of a number of post-trade harmonisation barriers is dependent on the progress in the current EU legislative initiatives in this field, in particular on the adoption of the CSDR and the related technical standards.

Particular attention has been paid in the last year to the CSDR adoption process, which has seen substantial progress, but has not yet reached completion. For five of the T2S harmonisation activities that are not yet green (definition column), the definition of standards cannot be completed until the CSDR is adopted. In some cases, the technical standards detailing the CSDR are also needed to complete the definition process. The CSDR is expected to contribute to the



removal of several key barriers in the EU, for example by harmonising the settlement period to T+2, introducing a single settlement discipline regime, solving the legal issues on CSDs' outsourcing to public entities, and establishing market access rules and free choice regarding the place of issuance. This is why the Governing Council of the ECB and the AG remains strongly supportive of a timely implementation of the CSDR and the related technical standards prior to the launch of T2S in 2015 (see the ECB opinion on the CSDR dated 1 August 2012⁶, the AG letter to the European Commission dated 13 July 2011⁷, and the proceedings of the joint ECB-European Commission conference on post-trade harmonisation and financial integration in Europe⁸, held in March 2013).

For some of the priority 1 activities depending on the adoption of the CSDR, the AG and the HSG have already started preparatory work to facilitate harmonisation and coordination across T2S markets, in particular with regard to the migration to a T+2 settlement cycle and the harmonisation of settlement discipline as established in the CSDR level 2 legislation.

Another critical harmonisation area where work is still in progress is Settlement Finality I, i.e. a common rule to be adopted by all CSDs in T2S defining the moment of entry of a transfer order into the system, or the moment starting from which a transfer order is protected against insolvency procedures.⁹ Discussions are underway in the T2S Community and the Eurosystem to find a solution on this critical issue for cross-CSD settlement in T2S; a proposal is likely to be finalised in the first quarter of 2014. Monitoring will start as soon as an agreement has been reached.

⁶ Available at http://www.ecb.int/ecb/legal/pdf/c_31020121013en00120031.pdf.

⁷ Available at <http://www.ecb.europa.eu/paym/t2s/progress/pdf/ag/mtg14/item-8-2-ag-chairman-finalletter-to-dg-market.pdf>.

⁸ See the proceedings of the conference at http://www.ecb.europa.eu/events/conferences/html/20130319_post_trade_harmonisation.en.html.

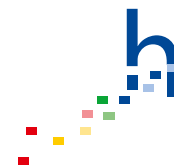
⁹ Definition of a harmonised rule is only on hold for Settlement Finality I. Rules for Settlement Finality II (moment of irrevocability of transfer orders) and Settlement Finality III (irrevocability of transfers) are defined and monitored across all T2S markets.

Summary of monitoring results

Important results are presented in this report with reference to the 15 harmonisation activities that are monitored in the context of the fourth progress report, as shown in the table below. For more information, see Annex 4.

Table 4 (from Annex 4): Compliance status per T2S market (Status: 13/02/2014)

T2S Markets	Priority 1															Priority 2	
	1	2	3	4	5	6	7	9	10	14	15	16	17	19	24		
	T2S messages ISO 20022	Mandatory Matching fields	Interaction with T2S (Registration)	Interaction with T2S (Tax Procedure)	Interaction with T2S (CSD ancillary services)	Schedule for settlement day	T2S CA standards	T2S Settlement finality II	T2S Settlement Finality III	Availability of omnibus accounts	Restrictions on omnibus accounts	Securities account number	Cash account number	CA market standards (CAIWG)	Securities account data		
AT	G	G	B	B	B	G	R	B	B	B	B	G	G	G	B		
BE – BNYM	G	G	G	G	G	G	G	G	B	B	B	G	G	Y	G		
BE Euroclear	G	G	B	B	B	G	G	B	G	B	B	G	G	G	B		
BE – NBB SSS	G	G	B	B	B	G	G	G	G	B	B	G	G	G	B		
CH	G	G	B	B	B	Y	G	Y	G	B	B	G	NA	Y	B		
DE	G	G	B	B	B	G	R	G	G	B	B	G	G	G	B		
DK	G	G	B	B	B	G	R	B	Y	B	B	G	G	G	B		
EE	G	G	B	B	B	G	G	B	G	B	B	G	G	Y	B		
ES	G	G	B	B	B	G	Y	B	B	B	B	G	B	G	B		
FI	G	G	B	B	B	G	G	B	B	B	Y	G	G	Y	Y		
FR	G	G	B	B	B	G	G	B	G	B	B	G	G	Y	B		
GR – BOGS	G	G	B	B	B	G	G	B	G	B	B	G	G	G	B		
HU	G	G	B	B	B	G	Y	G	G	B	B	G	NA	R	B		
IT	G	G	B	B	B	G	G	B	G	B	B	G	B	G	B		
LT	G	G	B	B	B	G	Y	Y	Y	B	B	G	B	R	B		
LU – LUX CSD	G	G	B	B	B	G	Y	G	B	B	B	G	G	Y	B		
LU – VP LUX	G	G	B	B	B	G	R	B	B	B	B	G	G	Y	B		
LV	G	G	B	B	B	G	Y	G	Y	B	B	G	G	G	G		
MT	G	G	B	B	B	Y	G	B	B	B	B	G	G	Y	B		
NL	G	G	B	B	B	G	G	B	G	B	B	G	G	G	B		
PT	G	G	B	B	B	G	G	G	G	B	Y	G	B	G	G		
RO	G	G	B	B	B	G	Y	B	G	B	B	G	G	Y	B		
SI	G	G	B	B	B	G	R	G	G	B	B	G	G	R	G		
SK	G	G	B	B	B	G	G	G	G	B	Y	G	G	R – No info	Y		
Summary 13/02/2014	Green: 24	Green: 24	Blue: 20 Green: 3 Yellow: 1	Blue: 23 Green: 1	Blue: 19 Green: 4 Red: 1	Green: 22 Yellow: 2	Green: 13 Yellow: 6 Red: 5	Blue: 13 Green: 9 Yellow: 2	Blue: 7 Green: 14 Yellow: 3	Blue: 24	Blue: 21 Yellow: 3	Green: 24	Blue: 3 Green: 19	Blue: 11 Green: 9 Red: 4	Blue: 18 Green: 4 Yellow: 2		
Summary 19/03/2013	Green: 21 Yellow: 1	Green: 15 Yellow: 2 Red: 5	Green: NA Yellow: NA	Green: NA Yellow: NA	Green: NA Yellow: NA	Green: 13 Yellow: 8 Red: 1	Green: 5 Yellow: 8 Red: 9	Blue: 12 Green: 5 Yellow: 5	Blue: 3 Green: 14 Yellow: 5	Blue: 22	Blue: 19 Yellow: 3	Green: NA Yellow: NA	Green: NA Yellow: NA	Green: 8 Yellow: 4 Red: 10	Blue: 19 Green: 1 Red: 2		



A specific colour, based on a four-colour scheme, reflects the compliance status of each T2S market for the 15 monitored activities. The compliance status applies to the national market in general and not necessarily to the relevant CSD. However, there are some markets where more than one CSD exists, with differences in the level of compliance for each CSD: this is why the table refers to the “CSD segment” of the markets. Red is given to markets that have identified obstacles impeding full compliance by the deadline, or that have not provided any information. Yellow means that there are obstacles which may prevent the achievement of full compliance by the deadline, or that there are no detailed plans for achieving compliance. Details on the colour scheme are available in Annex 4.

Based on the latest monitoring results (with status 13/02/2014), as shown in Table 4, the following can be observed.

- In total, 360 statuses across all of the standards are monitored in the current report, compared with 220 in the previous one. The percentage with green/blue statuses, i.e. full compliance is either already achieved or implementation is on good track, increased from 71% to 89% between the third and fourth report. The corresponding figure for red/yellow statuses decreased from 29% to 11% during the same period. The percentage of purely red statuses, i.e. the most critical barriers, also decreased from 11% to 3% (see Annex 4).
- Regarding the priority 1 standards, 312 statuses are monitored in the current report, compared with 176 in the previous one. For the same standards, the percentage of green/blue statuses increased from 73% to 92% between the third and the fourth report. The corresponding figure for red/yellow statuses decreased from 27% to 7% during the same period. The percentage of purely red statuses also decreased from 9% to 2% (see Annex 4).
- For all of the standards, progress towards achieving full compliance prior to migration to T2S is either excellent or very good.
- The only exceptions are in T2S and market corporate actions standards.¹⁰ However, considerable progress has been observed there too. In the third report, 77% of T2S markets faced numerous obstacles in complying with the T2S corporate actions standards prior to their migration to T2S and were given red or yellow implementation statuses. The corresponding figure has now decreased to 46%.
- As regards market corporate actions standards (as defined by the Corporate Actions Joint Working Group, or CAJWG), at the time of the third report eight T2S markets did not participate in the annual survey. Only one is missing from the current one. Red statuses have decreased substantially from 45% in the last report to 17% in the current one. This is evidence that the definition and monitoring of standards outside T2S is progressing well.

In general, considerable progress has been observed in the harmonisation agenda over the last twelve months, in particular when it comes to compliance results. However, increasing attention should be paid during 2014 to the markets still marked in red or yellow. As the T2S testing phase draws closer, lack of progress entails a greater risk of suboptimal adaptation to T2S for the markets in question. The T2S NUGs have therefore been asked to provide more information on the respective plans for achieving compliance in time for the priority 1 activities currently with a red or yellow status. The information gathered and the subsequent analysis of the response is presented in Annex 4.1 to this report.

¹⁰ Additional information on the T2S standards for processing corporate actions on flows in T2S can be found in a recent paper from the T2S Special Series, published in January 2014, and available at http://www.ecb.europa.eu/paym/t2s/pdf/specser/T2S_SpecialSeries_issue3.pdf?fb0eda88cab9738100d8c0d0dbc4cb.

Way forward

Regarding the way forward for fostering progress in the T2S harmonisation agenda, work will intensify as the T2S testing and migration phases approach (to start in October 2014 and June 2015 respectively). In particular, the AG is planning the following actions during 2014.

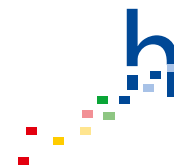
- The main focus of 2014 will be on completing the work on priority 1 activities, with the aim of achieving green statuses across the board, as far as the definition process and the launch of monitoring is concerned.
- Monitoring will expand to any areas where standards will be defined and endorsed either by the T2S Community or by EU authorities, e.g. the standards dependent on the CSDR and related level 2 legislations.
- The AG may develop a T2S Community view in the context of the consultation on CSDR level 2 legislations held by the European Securities and Markets Authority (ESMA), with particular regard to the settlement discipline regime. The HSG has already launched a dedicated task force on this issue.
- As usual, a survey will be conducted to assess the compliance of T2S markets with the T2S standards for the management of corporate actions on flows. The 2014 survey is to be conducted in the first half of the year in order to report updated information before the start of the bilateral interoperability testing phase.
- The AG will carry out an impact analysis for all cases of non-compliance indicated by NUG chairpersons as unlikely to be solved before migration of their markets to T2S.
- The AG also envisages establishing a monitoring and reporting framework – in coordination with the European Commission – regarding withholding tax relief procedures, for which definition was completed in June 2013.
- T2S will continue to contribute to the work of the European Post Trade Group (EPTG)¹¹, established in 2012 as a joint initiative between the European Commission, the ECB, ESMA, the Association for Financial Markets in Europe (AFME) and industry representatives. The HSG will ensure that a number of T2S-related issues which require wider attention outside T2S will be addressed in this forum.

An update on the status of the harmonisation activities and on the compliance of T2S markets with harmonisation standards will be published in summer 2014 before the start of the T2S bilateral interoperability testing phase in October 2014, a crucial milestone for the T2S Community. This is also an important checkpoint for the harmonisation monitoring process because participation in user testing requires the adoption of the technical harmonisation standards¹² in the test environment, available to CSDs as of October 2014.

The fifth progress report is planned for publication before T2S goes live in June 2015.

¹¹ For more information on the EPTG, please refer to the European Commission's website at http://ec.europa.eu/internal_market/financial-markets/clearing/eptg_en.htm.

¹² T2S markets need to be able to participate in bilateral interoperability testing in accordance with the standards agreed for the following harmonisation activities: T2S ISO 20022 messages; T2S mandatory matching fields; message interaction for registration; message interaction for tax info requirements; message interaction for CSD ancillary services; T2S schedule for the settlement day; T2S corporate actions standards; availability of omnibus accounts; restrictions on omnibus accounts; securities account numbers; and cash account numbers.

**How to read the report**

It is advisable for readers to first familiarise themselves with the T2S harmonisation methodology used for compiling the report and the tables, including the criteria for assessing the compliance status of T2S markets – all this reference information is to be found in Annex 1.

The reader can then go into the description of each of the 24 activities. A snapshot of the “traffic light” status of each activity in terms of definition, monitoring and compliance, as well as in terms of compliance per market is included in the respective activity’s section.

For an overview of the status of all activities, please refer to Annex 3 (the activities dashboard).

For an overview of the status of all T2S markets, please refer to Annex 4 (the table on compliance per market).

For background information regarding the compliance status of each T2S market, please consult Annex 5. This Annex contains a high-level summary of the information provided by each T2S market during the relevant surveys and monitoring processes.

¹³ For more information on the T2S Board, see http://www.ecb.europa.eu/paym/t2s/governance/prog_board/html/index.en.html. To read the T2S Board’s view on the importance of compliance with the T2S harmonisation standards, please visit http://www.ecb.europa.eu/paym/t2s/pdf/View_of_the_T2S_Board_on_the_T2S_harmonisation_standards_compliance_framework.pdf?214854c725fb23af07b0323fc5c72535.

2 Introduction

The Fourth T2S Harmonisation Progress Report report is published by the AG with the help of the HSG. The report is also delivered to the T2S Board, i.e. the T2S management body, which in turn presents some key results to the Governing Council of the ECB.

The T2S project and post-trade harmonisation

T2S is the future IT platform of the Eurosystem for the settlement of securities transactions in central bank money, and is set to start operations in June 2015. The platform will help overcome the current fragmentation in the securities settlement layer of the European post-trade landscape, thus making an important contribution to the establishment of a single market for post-trade securities services.

The T2S Community, through the AG, has engaged in post-trade harmonisation in order to answer the market's request to deliver T2S in a harmonised post-trade environment: the full benefits of an integrated settlement platform can only be obtained if market rules surrounding settlement are harmonised across participating markets. In addition, a high level of harmonisation and standardisation ensures that the T2S operational blueprint, a "lean T2S", does not perpetuate national specificities that could undermine the T2S project plan and the system's efficiency. Finally, post-trade harmonisation represents an important contribution to the integration of financial markets in Europe. It is therefore part of the EU Single Market agenda in the field of financial services.

The importance of T2S for financial integration in Europe is illustrated in more detail in the ECB's report on "Financial integration in Europe", published in April 2013 and available on the ECB's website at <http://www.ecb.europa.eu/pub/pdf/other/financialintegrationineurope201304en.pdf>.¹⁴ It was also one of the central topics of the joint ECB-European Commission conference on post-trade harmonisation and financial integration in Europe, held on 19 March 2013.¹⁵ The EU's Economic and Financial Affairs Council (ECOFIN) also reiterated its support for the project as an important contributor to the establishment of the Single Market for securities services at its meeting on 15 May 2012.¹⁶

Organisation of the T2S harmonisation work stream

The AG's harmonisation work covers the T2S markets exclusively, i.e. markets where at least one CSD has signed the Framework Agreement. In 2013 the number of CSDs in T2S increased to a total of 24 after Bank of New York Mellon CSD signed up for T2S on 17 May 2013 and the Latvian CSD on 26 September 2013.¹⁷

The T2S Community has engaged in the definition and implementation of concrete common standards. First, a list of 24 activities was drawn up, corresponding to areas where harmonisation is needed to overcome market fragmentation stemming from divergent local practices and regulation, and which will ensure the safety and efficiency of cross-CSD settlement in T2S and

¹⁴ Please note that the 2014 edition of the ECB's Financial Integration Report is due for publication in April 2014.

¹⁵ See the proceedings at http://www.ecb.europa.eu/events/conferences/html/20130319_post_trade_harmonisation.en.html.

¹⁶ See <http://register.consilium.europa.eu/doc/srv?l=EN&t=PDF&gc=true&sc=false&f=ST%209605%202012%20REV%201&r=http%3A%2F%2Fregister.consilium.europa.eu%2Fpd%2Fen%2F12%2Fst09%2Fst09605-re01.en12.pdf>.

¹⁷ The CSDs that have signed the T2S Framework Agreement are: Bank of Greece Securities Settlement System – BOGS (Greece), Bank of New York Mellon CSD (Belgium), Centrálny depozitár cenných papierov (Slovakia), Clearstream Banking (Germany), Depozitarul Central (Romania), Eesti Väärtpaperikeskus (Estonia), Euroclear Belgium (Belgium), Euroclear Finland (Finland), Euroclear France (France), Euroclear Nederland (Netherlands), Iberclear – BME Group (Spain), Interbolsa – Sociedade Gestora de Sistemas de Liquidação e de Sistemas Centralizados de Valores Mobiliários (Portugal), KDD – Centralna klirinško depotna družba (Slovenia), Központi Elszámolóház és Értéktár – KELER (Hungary), AKCIJU SABIEDRĪBA „LATVIJAS CENTRĀLAIS DEPOZITĀRIJS” (Latvia), Lietuvos centrinių vertybinių popierių depozitoriumas (Lithuania), LuxCSD (Luxembourg), Malta Stock Exchange (Malta), Monte Titoli (Italy), National Bank of Belgium Securities Settlement System – NBB-SSS (Belgium), Oesterreichische Kontrollbank (Austria), SIX SIS (Switzerland), VP LUX (Luxembourg) and VP Securities (Denmark).



enhance the competitive environment. 17 of them are considered as high priority, i.e. their resolution prior to the launch of T2S is necessary to ensure safe and efficient cross-CSD settlement in T2S.

The primary objective is to make sure that all T2S markets achieve full compliance with the high-priority harmonisation standards prior to their migration to T2S.¹⁸ Particularly as far as certain technical standards are concerned, T2S markets should also be able to participate in T2S bilateral interoperability testing (starting in October 2014¹⁹) in accordance with the agreed and endorsed rules.

A definition process is in progress to agree on concrete standards for each activity. Specific actors are responsible for defining standards and monitoring their implementation by an agreed target date. Once a standard is defined and endorsed by the T2S Community, the relevant EU authorities or trade associations, the AG starts monitoring the compliance of the T2S markets. The compliance status is presented in the report by market (rather than by CSD), given that compliance often depends on the national market practice, specificity or even national regulation/legislation rather than the CSD's business model.

The monitoring process is transparent and all actors are involved: central banks, CSDs, users and NUGs. Gaps and barriers to compliance (e.g. of a regulatory or technical nature) are identified and, where applicable, escalated to the relevant stakeholders and authorities.

The methodology used in the T2S harmonisation work stream is described in detail in Annex 1 to this report.

Several T2S working groups are involved in the work on harmonised standards and market practice within the T2S Community, namely the Corporate Actions Sub-group (CASG), the Sub-group on Message Standardisation and the Cross-border market practice sub-group (XMAP), set up in early 2013 to follow up on the work previously conducted by the Task Force on adaptation to cross-CSD settlement in T2S (TFAX). The HSG has also established two task forces, one on T+2²⁰ and one on the settlement discipline regime²¹, with a limited mandate related to the regulatory requirements stemming from the CSDR. In addition, the T2S team is part of the secretariat of the EU-wide EPTG and two T2S Board members are full participants, thus contributing to the wider harmonisation initiatives at EU level.

Further details and updates on the harmonisation work conducted in the context of the T2S project can be found on the T2S website at www.harmonisation.t2s.eu.

Fourth progress report

This is the fourth progress report published by the AG. The first two reports, published in July 2011 and January 2012, focused primarily on fact-finding and definition activities, i.e. on identifying which post-trade harmonisation issues are relevant for T2S and how they should be prioritised in view of the T2S launch and markets' migration to T2S. The third report, published in March 2013, launched the monitoring of the progress made by T2S markets in complying with a first set of ten

¹⁸ CSDs will connect to T2S over four migration waves, scheduled for June 2015, March 2016, September 2016 and February 2017.

¹⁹ October 2014 will mark the start of bilateral interoperability testing, i.e. a phase in the T2S Programme Plan during which each CSD tests that it can interoperate with T2S and verifies that all T2S services are operating as required (see T2S Framework Agreement, Schedule 2, Annex 9). More information on the T2S Programme Plan can be found at <http://www.ecb.europa.eu/paym/t2s/progplan/html/index.en.html>.

²⁰ For more information, please visit <http://www.ecb.europa.eu/paym/t2s/governance/ag/html/taskforcet2/index.en.html>

²¹ For more information, please see <http://www.ecb.europa.eu/paym/t2s/governance/ag/html/taskforceSDR/index.en.html>

harmonisation standards. The fourth progress report takes forward both the definition and monitoring processes. It summarises the results of the monitoring of the T2S markets' compliance as far as 15 harmonisation activities are concerned (out of a total of 24 activities). 13 of the 15 monitored activities are considered to be priority 1 topics, i.e. they are among the harmonisation activities considered by the AG necessary to achieve safe and efficient cross-CSD settlement in T2S. 76% of the total priority 1 issues are now being monitored with concrete processes, actors and dates. The number of monitored activities has risen significantly compared with the previous report, in which ten activities (eight of which were priority 1) were monitored by the AG.

T2S harmonisation list

The report addresses in detail a total of 24 activities, which are currently managed by the T2S team under the guidance of the HSG and with the endorsement of the AG. They are based on AG agreements, HSG proposals, the work of AG substructures, analysis conducted by the T2S team and other initiatives in the EU by both the public and private sectors. The report provides the following information for each harmonisation activity:

- a short definition of the activity;
- the concrete objective of the activity;
- the responsible monitoring actor(s);
- the implementation deadline;
- the monitoring process required, including interim deadlines prior to the implementation deadline.

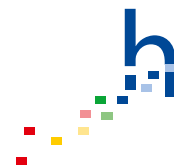
A concise overview of all these elements is also provided in Annex 2 (T2S harmonisation list).

T2S harmonisation activities are broken down into priority 1 and priority 2 topics.

Priority 1 activities are necessary to ensure efficient and safe cross-CSD settlement in T2S. The HSG and the T2S team should focus on these activities as first priorities for resolution and implementation prior to T2S migration.

The T2S activities marked as priority 1 are the following:

1. T2S ISO 20022 messages;
2. T2S mandatory matching fields;
3. interaction with T2S (registration procedures);
4. interaction with T2S (tax info requirements);
5. interaction with T2S (CSD ancillary services);
6. T2S schedule for the settlement day and calendar;
7. T2S corporate actions standards;
8. Settlement Finality I;
9. Settlement Finality II;
10. Settlement Finality III;
11. IT outsourcing (settlement services);
12. settlement discipline regime;
13. settlement cycles;
14. availability of omnibus accounts;
15. restrictions on omnibus accounts;
16. securities account numbers;
17. cash account numbers.



Priority 2 activities are not essential to ensure safe and efficient cross-CSD settlement in T2S but they are key for the enhancement of the competitive environment and the efficiency of T2S, and could continue to be pursued after the T2S launch.

The T2S activities marked as priority 2 are the following:

18. location of securities accounts/conflict of law;
19. corporate actions market standards;
20. place of issuance;
21. withholding tax procedures;
22. cross-border shareholder transparency and registration procedures;
23. market access and interoperability;
24. securities amount data.

Compared with the third T2S harmonisation progress report, the AG has decided: (i) to reprioritise the activity on location of securities accounts/conflict of law (the activity is now on the priority 2 list and is not expected to be addressed in the context of the CSDR, as projected before); (ii) to reprioritise the activity on registration procedures and merge it with the activity on cross-border shareholder transparency, in line with current work by the EPTG on these two topics under a single task force; and (iii) to remove the activity on settlement-related tax procedures from the list, owing to the fact that all relevant issues for T2S are already covered in other activities or by other external forums.

Structure of the report

The report is structured as follows:

- Section 3 provides updated information on priority 1 harmonisation activities, including an overview of the compliance status of the T2S markets where relevant;
- Section 4 provides updated information on priority 2 harmonisation activities, including an overview of the compliance status of the T2S markets where relevant;
- Annex 1 describes the methodology used for compiling the T2S harmonisation list, the dashboard and the T2S markets' compliance table, including the four-colour scheme;
- Annex 2 is the T2S harmonisation list, i.e. the key HSG harmonisation reference tool providing a brief overview of the activities, their objectives and deadlines, and the responsible actors;
- Annex 3 is a dashboard with an overview of the status of each T2S harmonisation activity, including a comparison with the status of the activities in the previous progress report;
- Annex 4 features a table summarising the implementation status in all T2S markets for the 15 harmonisation standards monitored during the fourth report, together with a breakdown of the compliance status per migration wave – for the priority 1 activities marked in red or yellow, this annex (Annex 4.1) also reports the measures envisaged by the relevant markets to achieve compliance by the target date (based on information provided by the chairpersons of the NUGs in January 2014);
- Annex 5 reports the detailed results of the monitoring exercise broken down by T2S market;
- Annex 6 provides background information on the AG as the body in charge of this report, including the member list;

3 T2S harmonisation activities – priority 1

Priority 1 activities are necessary to ensure efficient and safe cross-CSD settlement in T2S. The HSG and the T2S team should focus on these activities as first priorities for resolution before the T2S launch and for implementation prior to migration to T2S.

T2S messages

This section brings together all activities aimed at harmonising the use of settlement messages across T2S markets. Besides the use of a common list of messages and matching fields, this also includes T2S best market practice regarding the use of T2S messages for non-settlement information (specifically relating to registration, fiscal status and portfolio transfers).

3.1 T2S ISO 20022 messages

Activity description

The objective of this activity is to monitor the development and implementation of the T2S ISO 20022 messages in T2S markets.

T2S ISO messages are part of the technical specifications/requirements for T2S actors' interaction with the T2S services. T2S actors that do not comply with T2S ISO messages will not be able to connect to and communicate with the T2S technical platform (including during testing).

T2S markets are to achieve compliance before migration to T2S (depending on their migration wave). Nevertheless, they should be able to participate in bilateral interoperability testing (starting in October 2014) using the T2S messages.

Activity status

Priority 1 – activity no 1	Definition	Monitoring	Compliance
T2S ISO 20022 MESSAGES	G	G	G

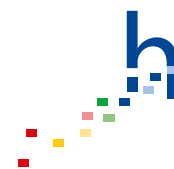
T2S STANDARD:

T2S actors will communicate with the T2S technical platform using a set of ISO 20022 compliant messages (130 messages in total) – customised to the specific needs of T2S. The full catalogue is presented in Section 3 of UDFS v.1.2.1.²²

Most of these messages will be ISO 20022 registered (after Eurosystem acceptance testing). The AG (via the T2S Sub-group on Message Standardisation²³) and the 4CB were the main actors in charge of the definition process for this activity.

²² T2S UDFS v.1.2.1 is available at http://www.ecb.europa.eu/paym/t2s/pdf/UDFS_v1_2_1.pdf?65ce92d9524bf51ce43eccc986596a20. The list of messages is available in Section 3.3.

²³ For more information on the T2S Sub-group on Message Standardisation, please visit <http://www.ecb.europa.eu/paym/t2s/governance/ag/html/substand/index.en.html>



Compliance status of T2S markets

All T2S markets have provided their plans as to how to implement the T2S ISO 20022 messages. No operational or regulatory barriers have been reported.

Blue	None
Green	AT, BE (BNYM), BE (Euroclear), BE (NBB-SSS), CH, DE, DK, EE, ES, FI, FR, GR (BOGS), HU, IT, LT, LU (LuxCSD), LU (VP LUX), LV, MT, NL, PT, RO, SI, SK
Yellow	None
Red	None

Information input: SP2 and bilateral discussions.

For details on the compliance status colour methodology, please refer to Annex 1. For detailed explanations per T2S market, please refer to Annex 5.

Monitoring

Implementation date	Migration to T2S (depending on migration wave). However, participation in bilateral interoperability testing (starting in October 2014) requires the use of T2S messages in the test environment.
Monitoring actors	T2S team, NUGs.
Monitoring process	Compliance was monitored by the T2S team using the information included in the CSD/ central bank feasibility assessments and bilateral discussions where needed (in the context of SP2 and SP3). Additional information received by the T2S team in the context of the client readiness monitoring process is also taken into account.

3.2 T2S mandatory matching fields

Activity description

The objective of this activity is to ensure that all T2S markets use the T2S mandatory matching fields in a standardised way in order to increase matching rates.

Non-compliance with the standardised matching fields might negatively affect matching rates in T2S, thus leading to inefficiencies and a possible cost increase for the other CSDs in the T2S Community.

T2S markets are to achieve compliance before migration to T2S (depending on their migration wave). They should also be able to participate in bilateral interoperability testing (starting in October 2014) using the T2S matching fields as agreed.

Activity status

Priority 1 – activity no 2	Definition	Monitoring	Compliance
T2S MANDATORY MATCHING FIELDS	G	G	G

T2S STANDARD:

T2S actors are required to use mandatory T2S matching fields as described in UDFS v. 1.2.1, available on the T2S website.²⁴

Discussion on the definition of a single T2S market practice for using the T2S **non-mandatory (optional) matching fields** was initially kept on hold until the CSDs' adaptation plans were stabilised. The issue of how to manage information currently covered under non-mandatory matching fields (trade reference, client of delivering/receiving CSD participant and securities account of delivering/receiving party) was then analysed by a new substructure of the HSG, namely the XMAP, the successor to the TFAX.²⁵ The AG has agreed to avoid establishing, at this stage, any standards on the use of the optional matching fields owing to the lack of any available market standard and any substantive evidence for the benefits of creating a new one ad hoc. The HSG will monitor the impact on matching and cross-matching rates before and after the launch of T2S and will then reassess this issue. The T2S Programme Office will also refer to the Securities Market Practice Group as regards the internationally established standards in this area.

Compliance status of T2S markets

The T2S team has received substantial information on the CSDs' plans to adapt to the T2S matching fields requirements.

All T2S markets have explicitly reported that they will fully comply with the T2S mandatory matching fields (green status).

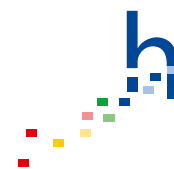
Blue	None
Green	AT, BE (BNYM), BE (Euroclear), BE (NBB-SSS), CH, DE, DK, EE, ES, FI, FR, GR (BOGS), HU, IT, LT, LU (LUX CSD), LU (VP LUX), LV, MT, NL, PT, RO, SI, SK
Yellow	None
Red	None

Information input: SP2, SP3 and bilateral discussions.

For details on the compliance status colour methodology, please refer to Annex 1. For detailed explanations per T2S market, please refer to Annex 5.

²⁴ See T2S UDFS (v.1.21, 07/09/2012), Section 1.6.1.2 for definitions and lists, available at http://www.ecb.europa.eu/paym/t2s/pdf/UDFS_v1_2_1.pdf. T2S matching fields are also in line with the matching standards put forward by the European Securities Forum (ESF) and the European Central Securities Depositories Association (ECSDA) in 2006: http://www.ecsda.eu/site/uploads/tx_doclibrary/2006_10_05_ESSF_ECSDA_Matching_Standards.pdf.

²⁵ The TFAX made a number of proposals to the HSG and the AG on standard T2S processes and/or messaging fields to increase the efficiency of cross-CSD settlement for CSDs and their participants on a non-discriminatory basis (see the final TFAX report, published in November 2012). Its successor, the XMAP, was created in spring 2013 as a substructure of the HSG in order to deal with harmonisation issues around the market's adaptation to T2S. The related documentation is available on the T2S website at <http://www.ecb.europa.eu/paym/t2s/governance/ag/html/subpract/index.en.html>.



Monitoring

Implementation date	Migration to T2S (depending on migration wave). However, participation in bilateral interoperability testing, starting in October 2014, requires the use of T2S matching fields in the test environment.
Monitoring actors	T2S team, NUGs.
Monitoring process	Compliance was monitored by the T2S team as part of the CSD/central bank feasibility assessment process (SP2 and SP3) and bilateral discussions where needed. Additional information received by the T2S team in the context of the client readiness monitoring process is also taken into account.

3.3 Interaction with T2S (registration procedures)

Activity description

The objective of this activity is to establish T2S best market practice regarding the exchange of registration-related information in T2S.

This matter was thoroughly analysed by the TFAX in its final report (November 2012).²⁶ Registration and settlement are closely related processes. It is crucial to adapt settlement and registration processes in order to achieve alignment of settlement and registration data. In practice, it is important to ensure that the register is only updated after confirmation of settlement.

The adoption of a homogeneous practice across all T2S markets aims to ensure that registration procedures do not interrupt straight-through processing nor hamper smooth cross-CSD settlement in T2S, affecting the system's efficiency (e.g. by putting instructions on hold).

Non-compliance would impose back-office costs on other instructing parties and discourage cross-CSD activity in T2S.

The target date for T2S markets to have adopted a common market practice in this field is their migration to T2S (depending on their migration wave). Nevertheless, they should be able to participate in bilateral interoperability testing (starting in October 2014) according to the agreed standards.

Activity status

Priority 1 – activity no 3	Definition	Monitoring	Compliance
INTERACTION WITH T2S (REGISTRATION PROCEDURES)	G	G	G

T2S STANDARD:
Registration details should not be exchanged via T2S messages.

The standard is based on the TFAX analysis, which showed that the possibility of using T2S messages to transmit registration data would raise several issues and increase complexity. In addition, based on the current T2S design, this solution would not be feasible in all settlement scenarios.

²⁶ The TFAX report is available on the T2S website at http://www.ecb.europa.eu/paym/t2s/progress/pdf/subadapt/report/2012-11-28_Report_of_the_TFAX.pdf.

The TFAX proposal was endorsed by the AG as T2S best market practice²⁷ on 6 February 2013 and subsequently added to the T2S harmonisation list.

Further registration-related aspects that might have an impact on cross-CSD settlement have been presented to the EPTG for consideration (see Section 4.5).

Compliance status of T2S markets

In April/May 2013 the HSG ran a survey with NUGs and CSDs from T2S markets to identify possible deviations from the established market practice and, in such cases, make sure the relevant markets have a detailed roadmap to phase out their current practice.

The survey indicated that most of the T2S markets are currently in compliance with the standard.

Blue	AT, BE (Euroclear), BE (NBB-SSS), CH, DE, DK, EE, FI, FR, GR (BOGS), HU, IT, LU (LUX CSD), LU (VP LUX), LV, MT, NL, PT, RO, SI
Green	BE (BNYM), ES, SK
Yellow	LT
Red	None

Monitoring

Implementation date	Migration to T2S (depending on migration wave). However, participation in bilateral interoperability testing, starting in October 2014, requires the use of a common T2S practice in the test environment.
Monitoring actors	AG (through the HSG and NUGs).
Monitoring process	HSG survey conducted with the NUGs and the CSDs in April/May 2013. Additional information received by the T2S team in the context of the client readiness monitoring process is also taken into account.

3.4 Interaction with T2S (tax info requirements)

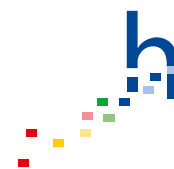
Activity description

The objective of this activity is to define T2S best market practice for the management of transaction-related tax information across borders, in order to avoid the inefficiencies generated by heterogeneous local tax requirements (transaction-related tax rules and information flow).

Non-compliance would impose back-office costs on other instructing parties and might discourage cross-CSD activity in T2S.

The target date for T2S markets to have adopted a common market practice in this field is their migration to T2S (depending on their migration wave). Nevertheless, they should be able to participate in bilateral interoperability testing (starting in October 2014) according to the agreed standard.

²⁷ The HSG also took note of a number of additional issues that have been raised to other European forums like the EPTG. For example, the TFAX recommended that T2S actors should avoid account segregation for registration purposes in a T2S environment. The group also invited the HSG to discuss other possible solutions of a legal/regulatory nature beyond the technical and process-based approach taken by the TFAX. More specifically, the TFAX identified the following potential solutions: (i) the possibility of nominee registration; (ii) linking the transfer of rights to settlement such that there is no post-settlement event questioning the transfer of rights; and (iii) abandoning transaction-by-transaction registration completely. All of these options aim to increase the integration of registration and settlement as a means of ensuring the realignment of both processes.



Activity status

Priority 1 – activity no 4	Definition	Monitoring	Compliance
INTERACTION WITH T2S (TAX INFO REQUIREMENTS)	G	G	G

T2S STANDARD:

Tax-related information for domestic and cross-CSD transactions is not passed via T2S messages

Note: Tax-related information includes, but is not limited to, the tax status of the transaction, tax status or tax id of the end investor, tax exemption identification number, alien registration number, passport number, corporate identification, driving license number, foreign investment identity number, BIC, proprietary id and name and address of investor. As ISO messages also provide fields that can be used to pass information about a particular transaction tax type (withholding tax, payment levy tax, local tax, stock exchange tax, transfer tax, value added tax, consumption tax), as well as the amount, debit/credit indicator, currency and other details, such fields should not be used to pass on any kind of tax-related information.

The TFAX analysed the possibility of interaction with T2S as regards local tax requirements and concluded that there is no technical and process-based solution to achieve efficient tax processing in the T2S environment. Based on the HSG's advice, on 6 February 2013 the AG endorsed the TFAX's proposal as T2S best market practice.

In addition, the TFAX considered the impact that the (potential) introduction of new trade-related taxes (e.g. financial transaction tax) might have on cross-CSD settlement and recommended that such taxes should preferably not be collected at the settlement level or, if need be, that this should occur in a harmonised or T2S-compatible way.

Compliance status of T2S markets

In April/May 2013 the HSG ran a survey with NUGs and CSDs from T2S markets to identify possible deviations from the established market practice and, in such cases, make sure the relevant markets have a detailed roadmap to phase out their current practice.

Blue	AT, BE (Euroclear), BE (NBB-SSS), CH, DE, DK, EE, ES, FI, FR, GR (BOGS), HU, IT LT, LU (LUX CSD), LU (VP LUX), LV, MT, NL, PT, RO, SI, SK
Green	BE (BNYM)
Yellow	None
Red	None

Monitoring

Implementation date	Migration to T2S (depending on migration wave). However, participation in bilateral interoperability testing (starting in October 2014) requires the use of a common T2S practice in the test environment.
Monitoring actors	AG (through the HSG and NUGs).
Monitoring process	HSG survey conducted with the NUGs and the CSDs in April/May 2013. Additional information received by the T2S team in the context of the client readiness monitoring process is also taken into account.

3.5 Interaction with T2S (CSD ancillary services)

Activity description

This activity covers specific CSD services that go beyond the “core CSD services” (i.e. notary function, settlement and safekeeping) and are therefore referred to as CSD “ancillary services” (e.g. repos, securities lending, “buy/sell-back” processing and portfolio transfers).

Ancillary services are outside the current scope of T2S and will continue to be offered by CSDs to their participants directly, even after the launch of T2S. However, the set-up and range of such services could be affected by the CSDs’ adaptation to T2S.

The objective of this activity is to define T2S best market practice that allows for smooth cross-CSD interaction with T2S as regards CSD ancillary services.²⁸

Non-compliance would impose back-office costs on other instructing parties and might discourage cross-CSD activity in T2S.

The target date for T2S markets to have adopted a common market practice in this field is their migration to T2S (depending on their migration wave). Nevertheless, they should be able to participate in bilateral interoperability testing (starting in October 2014) according to the agreed standard.

Activity status

Priority 1 – activity no 5	Definition	Monitoring	Compliance
INTERACTION WITH T2S (CSD ANCILLARY SERVICES)	G	G	G

T2S STANDARD:

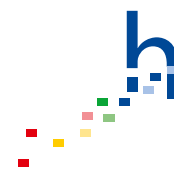
Portfolio transfer information should be exchanged outside T2S (between custodians or via CSDs).

The TFAX analysed a number of issues regarding CSD ancillary services. In particular, it issued recommendations about portfolio transfers, bond stripping and reconstitution, classic repos, tri-party repos, securities lending and borrowing.

One of the TFAX recommendations on portfolio transfers has been translated into the standard above, endorsed by the AG on 6 February 2013.

Other TFAX recommendations on interaction with T2S for CSD ancillary services have been escalated by the HSG to the EPTG.

²⁸ These services are usually mandatory services that parties active in that market are obliged to use, either directly (as an issuer CSD participant) or indirectly (as a client of a provider of settlement and custody services in the issuer CSD market). According to analysis by the Task Force on smooth cross-CSD settlement, the fundamental requirement from a T2S cross-CSD settlement perspective would be that these services should not be mandatory, but voluntary, and at the same time be available to all issuer CSD participants on a non-discriminatory basis. The reason is that mandatory participation in these ancillary services does not facilitate issuer CSD participation by non-domicile institutions. At the same time, it is important to note that some of these requirements may be based on CSD oversight concerns (securities lending, buy-ins) and cannot easily become optional. The work on the EU harmonised settlement discipline regime could affect harmonisation in some of these issues.



Compliance status of T2S markets

In April/May 2013 the HSG ran a survey with NUGs and CSDs to inquire whether any T2S markets currently use settlement messages to exchange information on portfolio transfers and to make sure that the relevant markets have a detailed plan to phase out that practice.

The four markets marked in green are currently not compliant, but have clear plans to become compliant by the time of their migration to T2S. The Italian market has indicated that information on portfolio transfers will continue to be exchanged via settlement messages in interaction with T2S.

Blue	AT, BE (Euroclear), BE (NBB-SSS), CH, DE, DK, EE, ES, FI, GR (BOGS), LT, LU (LUX CSD), LU (VP LUX), LV, MT, NL, RO, SI, SK
Green	BE (BNYM), FR, HU, PT
Yellow	None
Red	IT

Monitoring

Implementation date	Migration to T2S (depending on migration wave). However, participation in bilateral interoperability testing (starting in October 2014) requires the use of a common T2S practice in the test environment.
Monitoring actors	AG (through the HSG and NUGs).
Monitoring process	HSG survey conducted with the NUGs and the CSDs in April/May 2013. Additional information received by the T2S team in the context of the client readiness monitoring process is also taken into account.

3.6 T2S schedule for the settlement day and calendar

Activity description

The use of a single schedule for the T2S settlement day and a single calendar per currency is established by the T2S User Requirements Document (URD) and is one of the first and key harmonisation agreements in the T2S context.²⁹ The AG has agreed, from the first stages of the T2S project that the full compliance of T2S markets with the T2S schedule and calendar is a prerequisite for an efficient cross-CSD environment in T2S.

The key aim of this activity is twofold. First, its implementation should provide assurance on the removal of Giovannini barrier 7 on *operating hours, settlement deadlines and opening days*³⁰ in T2S markets. Second, CSDs and their clients should have the possibility to define, within the single T2S schedule, their preferred operational model according to their business needs and service level agreements.

The target date for achieving full compliance with the T2S standard is the migration date of each T2S market to T2S. In addition, T2S markets should be able to participate in the T2S bilateral interoperability testing according to the T2S schedule for the settlement day.

²⁹ The URD is available at http://www.ecb.int/paym/t2s/pdf/URD_v5_02.pdf.

³⁰ For further information, see http://ec.europa.eu/internal_market/financial-markets/docs/clearing/second_giovannini_report_en.pdf.

Activity status

Priority 1 – activity no 6	Definition	Monitoring	Compliance
T2S SCHEDULE FOR THE SETTLEMENT DAY AND CALENDAR	G	G	G

T2S STANDARD:

T2S markets should be fully compliant with the T2S schedule for the settlement day and calendar as laid out in the T2S UDFS, available on the T2S website.

In order to ensure consistency of monitoring implementation across T2S markets, it should be clarified that the status “full compliance” with the T2S schedule and calendar will be achieved if the following conditions are met by the T2S market/CSD in question.

The T2S market/CSD operational model should ensure that:

1. the CSDs’ securities accounts (and NCBs’ dedicated cash accounts) in T2S are available for bookings throughout the whole T2S timetable (credits, debits, realignment, etc.);
2. settlement efficiency in T2S is not affected – for example, the T2S market/CSD will participate in the start-of-day processes and in the timely processing of corporate actions in the relevant night-time sequences;
3. all other T2S daytime operating hours and cut-off times are respected (delivery-versus-payment (DvP) cut-off, etc.)
4. CSDs provide directly connected parties (DCPs) with authorisation for connecting to T2S (where required and subject to the relevant T2S technical requirements).

In case of CSD legacy systems shut down during the T2S operating hours, CSD participants (investor CSDs, DCPs and indirectly connected parties (ICPs)) may not receive the same level of service. In particular, the timing according to which settlement instructions are sent to and reports are received from T2S-relevant settlement processes will depend on the CSD participants’ connectivity model to T2S (DCP, user to application, etc.). This is an issue of business models and service level agreements between CSDs and their participants. This policy should not affect the compliance status of a T2S market, provided that the above conditions are met.

The exact times in the T2S schedule of the settlement day could be subject to revisions based on changes in the business needs of the T2S Community.

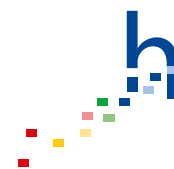
Compliance status of T2S markets

There is considerable improvement as regards this activity compared with the monitoring results presented in the third report. Markets such as RO and FI have managed to overcome the operational issues identified in the Third T2S Harmonisation Progress Report. Other markets are still finalising their plans on full compliance (CH and MT).

Blue	None
Green	AT, BE (Euroclear), BE (BNYM), BE (NBB-SSS), DE, DK, EE, ES, FI, FR, GR (BOGS), HU, IT, LT, LU (LUX CSD), LU (VP LUX), LV, NL, PT, RO, SI, SK
Yellow	CH, MT
Red	None

Information input: SP2, SP3 and bilateral interactions with NUGs.

For details on the compliance status colour methodology, please refer to Annex 1. For detailed explanations per T2S market status, please refer to Annex 5.



Monitoring

Implementation date	Migration to T2S (depending on migration wave). However, participation in bilateral interoperability testing (starting in October 2014) requires operating in line with the T2S schedule in the test environment.
Monitoring actors	HSG (via NUGs).
Monitoring process	Compliance was monitored by the T2S team as part of the CSD/central bank feasibility assessment process (SP2 and SP3). Regular updates and clarifications are sought from the T2S NUGs. Additional information received by the T2S team in the context of the client readiness monitoring process is also taken into account.

3.7 T2S corporate actions standards

Activity description

Differences in national rules related to the processing of corporate actions have been identified by the industry as one of the most critical obstacles to an integrated EU post-trade environment.

The AG decided in 2008 that it was necessary to establish a set of T2S standards to harmonise CSDs' interaction with T2S as regards the settlement of corporate actions on flows (matched instructions that are yet to settle). Non-compliance by T2S markets would hamper the efficient management of corporate actions on flows, especially in the context of cross-CSD settlement.

Full compliance with the T2S corporate actions standards needs to be achieved before a market migrates to T2S. Also, T2S markets are required to be able to participate in bilateral interoperability testing (starting in October 2014) in accordance with T2S corporate actions standards.

Activity status

Priority 1 – activity no 7	Definition	Monitoring	Compliance
T2S CORPORATE ACTIONS STANDARDS	G	G	R

T2S STANDARD:

T2S markets should comply with the T2S corporate actions standards, as endorsed by the AG and published on the T2S website, related to corporate actions on flows (i.e. market claims, transformations and buyer protection).

The T2S Corporate Actions Sub-group (CASG) formulated the T2S standards related to corporate actions on flows (market claims, transformations and buyer protection)³¹ on the basis of the high-level corporate actions market standards as defined by the European Commission-sponsored CAJWG (see activity no 19, described in Section 4.2), also known as market corporate actions standards. More specifically, the T2S corporate actions standards provide the details necessary for T2S markets to implement the market corporate actions on flows in a harmonised way in T2S.

The T2S corporate actions standards were first approved by the AG in September 2009, and have been updated and edited periodically, in particular when the underlying market corporate actions standards were revised (2012). The purpose of these updates was also to improve the clarity of the T2S corporate actions standards in order to facilitate a consistent monitoring and implementation process across T2S markets.

³¹ The full list of T2S corporate actions standards is available on the T2S website at <http://www.ecb.europa.eu/paym/t2s/governance/ag/html/subcompact/index.en.html>.

In addition, the CASG published a detailed FAQ document listing the most relevant questions from a wider audience of corporate actions experts involved in the CASG annual gap analysis. The FAQ does not focus on specific T2S market adaptation plans; it is rather intended to answer some frequent questions relevant for all T2S markets. The FAQ is a living document that will be constantly updated until the launch of T2S. The latest version was published in January 2014.³²

As regards the monitoring process, the 2013 CASG gap analysis was run in May-September 2013 with the T2S NUGs. As was the case with previous exercises, monitoring compliance with T2S standards covers only T2S markets, i.e. markets in which a CSD has signed the T2S Framework Agreement. A national coordinator is nominated for each market for this exercise by the chairpersons of the T2S NUGs. Nevertheless, the ultimate responsibility for the timely response of the respective markets remains with the NUGs.

The 2013 T2S corporate actions standards gap analysis report was approved by the HSG in November 2013.³³

Compliance status of T2S markets

As part of its 2013 analysis and in line with the published AG methodology, the CASG provided a “compliance status” for each market (blue, green, yellow or red status – see Annex 1 for definitions). This was based on the T2S markets’ current compliance with the T2S standards and the existence of detailed plans and dates for fully meeting the standards prior to migration to T2S. Regulatory and legal barriers in national markets were also taken into consideration by the CASG.

Compared with the 2012 figures, the results show an overall improvement in the compliance status of T2S markets. A large number of markets have already established detailed implementation plans for full compliance, with no obstacles being identified so far. In other markets there is still some uncertainty with regards to the timely resolution of the – mainly regulatory – obstacles identified.

Additional information on compliance was gathered from the NUG chairpersons after the publication of the CASG report.

In 2013 only 11 out of 24 monitored markets/CSDs³⁴ were assigned a yellow or red implementation status by the AG (see table below). This shows considerable progress compared with the 2012 results, when 17 out of 22 monitored markets/CSDs were assigned red or yellow status.

The AG assigns green status to T2S markets that have clear plans and dates for achieving full compliance. In these markets, no operational or regulatory/legal obstacles have been identified during the monitoring process.

Yellow status is assigned to T2S markets which plan to achieve full compliance, but either clear public implementation dates are missing or the regulatory/legal impact analysis is not complete.

Red status is assigned to markets with no clear plans for full compliance and/or major regulatory/legal changes are required to achieve full compliance. Timely resolution of these barriers allowing for full implementation by the migration date seems unlikely.

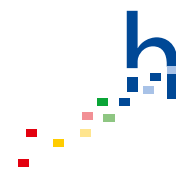
³² Available at

http://www.ecb.europa.eu/paym/t2s/progress/pdf/subcompact/FAQ_CA_standards_Jan2014.pdf?04d956fd08feb29eb184a7185e441c31.

³³ Available at

http://www.ecb.europa.eu/paym/t2s/progress/pdf/subcompact/2013-T2S-CASG_gap_analysis_report-20131106.pdf?cd84cec529a7ab341793fa51658ed539.

³⁴ In some T2S markets there is more than one CSD.

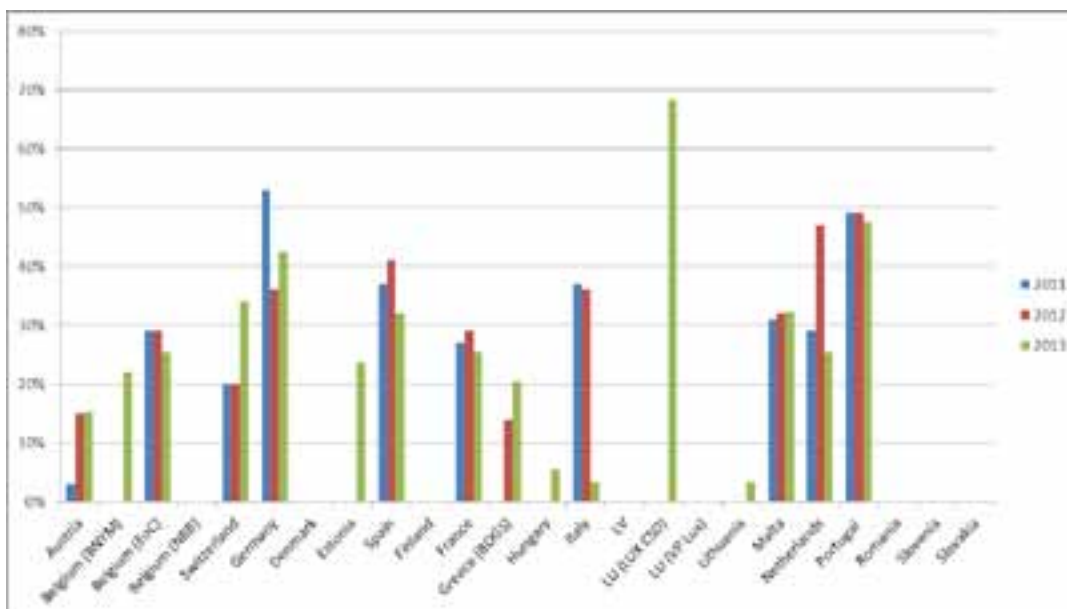


Blue	None
Green	BE (BNYM), BE (Euroclear), BE (NBB-SSS), CH, EE, FI, FR, GR (BOGS), IT, MT, NL, PT, SK
Yellow	ES, HU, LT, LU (LUX CSD), LV, RO
Red	AT, DE, DK, LU (VP LUX), SI

Information input: CASG gap analysis 2013

For details on the compliance status colour methodology, please refer to Annex 1. For detailed explanations per T2S market, please refer to Annex 5.

Figure 1: Three-year comparative results for T2S markets’ quantitative implementation of T2S corporate actions standards [percentage of the total number of standards where compliance has been achieved]. No value means zero compliance.



Source: 2013 CASG report (2011-13 survey data).

There is a slight change in the number of standards in 2013 (with regards to market claims and transformations) so immediate comparison of compliance between 2013 and previous years does not present the full picture.

Monitoring

Implementation date	<p>From a legal/regulatory/market practice perspective: migration to T2S (depending on migration wave).</p> <p>From a technical perspective: start of bilateral interoperability testing (depending on migration wave).</p>
Monitoring actors	HSG (via CASG and NUGs).
Monitoring process	<p>The main monitoring process for this harmonisation activity is the CASG’s annual gap analysis of surveys provided by T2S markets. The NUGs assist the T2S team in monitoring compliance and coordinating overall interaction with the relevant national markets.</p> <p>Further information has been sent by the NUG chairpersons to the HSG after the November 2013 report on corporate action compliance.</p>

Legal harmonisation

Activities 8 to 11 all fall under the legal harmonisation umbrella. Together with the priority 2 activity relating to conflict of law issues (covered in Section 4.1), they are expected to enhance legal certainty and strengthen the legal framework for cross-CSD operations in T2S.

The three activities relating to settlement finality aim to ensure that all participating T2S “systems” define in a harmonised way the moment of entry of transfer orders into the system (SF I), the moment of irrevocability of transfer orders (SF II), and the moment when settlement becomes irrevocable and enforceable (SF III). This is crucial to ensuring legally sound and seamless DvP settlement at cross-CSD level.

The other priority 1 activity refers to the authorisation of CSDs to outsource their settlement-related IT to a public entity (see Section 3.11).

The four activities presented below are clearly connected to already existing or ongoing international and EU legal harmonisation agreements/initiatives, such as the Settlement Finality Directive, the ESCB-CESR recommendations, the CPSS-IOSCO principles and the CSDR. The priority 2 activity on legal certainty is linked to the possible future EU legislation in the area of securities law.

3.8 Settlement Finality I

Activity description

SF I is defined as the moment of entry of a transfer order into the system, or the moment when a transfer order is protected against insolvency procedures. SF I is defined in and covered under:

- the Settlement Finality Directive (2009), Art. 3;
- ESCB-CESR (2009) recommendations for SSSs (no 1);
- CPSS-IOSCO (2012) principles for financial market infrastructures (no 1 and 8);
- CSDR text (2014), Art.39 and 48/8.³⁶

The aim of this T2S harmonisation activity is to agree on a common T2S rule regarding the moment of entry of a transfer order into the system (SF I) and to ensure compliance by all T2S markets.

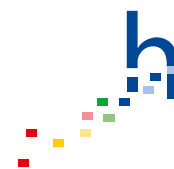
SF I is currently defined in the rules of all designated SSSs (as required by the Settlement Finality Directive). Looking at the domestic level, all T2S markets are compliant with SF I (as per the Settlement Finality Directive). However, a single SF I rule has not yet been agreed across the T2S markets.³⁵

In order to minimise legal risks in cross-CSD transactions as well as to create a level playing field, a single definition of the moment of entry of a transfer order into the system needs to be agreed upon and implemented by all T2S markets/CSDs. A harmonised rule will protect against the spillover effects of the insolvency of a participant in another CSD (linked CSD in T2S).

If this issue is not resolved before the launch of T2S, it could result in uneven protection of CSD participants against the risk of insolvency of participants in other CSDs (linked CSDs in T2S) or in lengthy and difficult legal assessments prior to the establishment of such links.

³⁵ An ECSDA survey dated 24 October 2011 on settlement finality found that out of the 18 CSDs that participated in the survey, six CSDs consider the “point of entry” to be the moment in which the instruction (transfer order) is first received by the CSD, while 12 CSDs consider the “point of entry” to involve not only the receipt of an instruction, but also some form of validation (which varies among the CSDs). For more details, see http://www.ecsda.eu/site/uploads/tx_doclibrary/2011_10_24_Outcome_ECSDA_Finality_Survey.pdf.

³⁶ <http://register.consilium.europa.eu/doc/srv?l=EN&t=PDF&gc=true&sc=false&f=ST%206828%202014%20INIT>



The target date for T2S markets to comply with the agreed rule is their migration to T2S (depending on their migration wave).

Activity status

Priority 1 – activity no 8	Definition	Monitoring	Compliance
SETTLEMENT FINALITY I (MOMENT OF ENTRY)	R	X	X

Work to agree on a common T2S rule for this activity is still underway. The time constraint is that, following the agreement with the T2S CSDs/the Eurosystem, monitoring and implementation processes have to be established in national markets. Regulatory and potentially legal changes may delay the whole process. This is a crucial issue for the safety of cross-CSD settlement in T2S. Red indicates that at the time of publication there is no agreed rule yet.

The Framework Agreement (Art. 21, para. 4) recognises the need for a harmonised CSD rule for the moment of entry of transfer orders into the system. The need for a harmonised rule – but not the rule itself – is also established by Art. 3(4) and 5(2) of the Settlement Finality Directive (2009) as well as the CSDR text (Art 48/8).

This issue was also mentioned in the AG’s letter to the European Commission on the CSDR (in summer 2011).

In June 2011 the AG agreed to invite the CSD Steering Group (CSG), i.e. the group in which all CSDs that have signed the T2S Framework Agreement are represented, to work on the definition of such a rule in coordination with the legal experts from the T2S team. In addition, the CSDs’ compliance with the harmonised rules should be assessed on an ongoing basis against the obligation of compliance with the CSD eligibility criteria.

In addition, the Eurosystem (national central banks) and CSDs have a common interest in coordinating their efforts on establishing a harmonised SF I rule for the T2S transfer orders related to the T2S dedicated cash accounts.

Compliance status of T2S markets

T2S market monitoring will be launched after agreement on/endorsement of the T2S SF I rule by the relevant stakeholders.

Monitoring

Implementation date	T2S migration date (depending on migration wave).
Monitoring actors	HSG [NUGs].
Monitoring process	HSG dedicated survey with NUGs and CSDs.

3.9 Settlement Finality II

Activity description

SF II is defined as the irrevocability of a transfer order (and not of the transfer itself) according to the rules of a system designated under the Settlement Finality Directive. SF II is defined in and covered under:

- Settlement Finality Directive (2009), Art. 5 (1 and 2);
- ESCB-CESR (2009) recommendations for SSSs (no 1 and 8);
- CPSS-IOSCO (2012) principles for financial market infrastructures (no 1 and 8);
- CSDR text (2014), Art. 39 and 48/8.

The aim of this activity is to adopt a harmonised rule for the moment when transfer orders become irrevocable, in order to eliminate the risk of transfer order revocation in a T2S cross-border environment.

The target date for T2S markets to comply with the agreed rule is their migration to T2S (depending on their migration wave).

Activity status

Priority 1 – activity no 9	Definition	Monitoring	Compliance
SETTLEMENT FINALITY II (IRREVOCABILITY OF TRANSFER ORDER)	G	G	G

T2S STANDARD:

No unilateral cancellation is possible after matching status is achieved in T2S.

The irrevocability of transfer orders in T2S is protected through the rule prohibiting the unilateral cancellation of instructions after matched status is achieved in T2S (URD v5.0).

This is also in line with the T2S Framework Agreement (Art. 21, para. 4), according to which contracting CSDs shall make all necessary arrangements in order to adopt a harmonised definition of the irrevocability of transfer orders.

CSDs should comply with the rule for irrevocability of a transfer order as laid down in the T2S URD (i.e. no unilateral cancellation in T2S) by default, since there is no T2S functionality for unilateral cancellation after matching status in T2S. However, it is necessary to monitor that the CSDs' regulatory environments, including their rules and procedures, are updated accordingly.

Regarding the monitoring process, the NUGs survey conducted by the Task Force on smooth cross-CSD settlement in 2011 identified a number of issues, which are now being monitored.

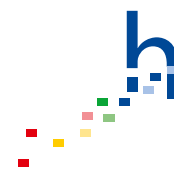
Compliance status of T2S markets

T2S markets that are already compliant with the T2S SF II rule are assigned blue status. Green status indicates that markets will be ready before their respective migration date. Finally, markets that are planning to comply before migration to T2S are assigned yellow status (reflecting the fact that this involves a pending regulatory change).

Blue	AT, BE (Euroclear), DK, EE, ES, FI, FR, GR (BOGS), IT, LU (VP LUX), MT, NL, RO
Green	BE (BNYM), BE (NBB-SSS), DE, HU, LU (LUX CSD), LV, PT, SI, SK
Yellow	CH, LT
Red	None

Information input: SP2, bilateral discussions and information from NUG chairpersons.

For details on the compliance status colour methodology, please refer to Annex 1. For detailed explanations per T2S market, please refer to Annex 5.



Monitoring

Implementation date	T2S migration date (depending on migration wave).
Monitoring actors	HSG [NUGs].
Monitoring process	Compliance was monitored by the T2S team as part of NUG survey 2011 and the CSD/central bank feasibility assessment process (SP2 and SP3). Additional information received by the T2S team in the context of the client readiness monitoring process is also taken into account.

3.10 Settlement Finality III

Activity description

SF III is defined as the irrevocability of transfers (bookings in securities and cash accounts) according to the rules of a system designated under the Settlement Finality Directive. While no rule for SF III is set out in the Settlement Finality Directive, it is defined in and covered under:

- ESCB-CESR (2009) recommendations for SSSs (no 1 and 8);
- CPSS-IOSCO (2012) principles for financial market infrastructures (no 1 and 8);
- CSDR text (2014), Art. 39 and 48/8.

This activity focuses on ensuring that all T2S markets comply with the common rule on the unconditionality, irrevocability and enforceability of account entries in T2S as defined in the T2S Framework Agreement.

Full compliance by all T2S markets with the common SF III rule is of utmost importance: non-compliance would undermine the legal certainty of bookings in T2S accounts.

The target date for T2S markets to comply with the agreed rule is their migration to T2S (depending on their migration wave).

Activity status

Priority 1 – activity no 10	Definition	Monitoring	Compliance
SETTLEMENT FINALITY III (IRREVOCABILITY OF TRANSFERS)	G	G	G

T2S STANDARD:

According to Article 21, para.4 of the T2S Framework Agreement, in order to facilitate legally sound, seamless cross-border DvP settlement, the regulatory/legal environments of the CSDs participating in T2S must recognise account entries in T2S as unconditional, irrevocable and enforceable.

This is particularly relevant in cases where accounts representing legal ownership rights are maintained by the CSD in its local legacy IT system, i.e. outside T2S. In these cases – and independently of the holding model followed by each market – harmonisation of settlement finality rules would ensure that bookings in accounts maintained in T2S are irrevocable, unconditional and enforceable.

Monitoring of T2S markets' compliance with the T2S SF III rule started with a survey in January 2013 and followed up with CSD/central bank feasibility assessment process (SP2 and SP3) following the signing of the T2S Framework Agreement.

Compliance status of T2S markets

CSDs' compliance has been monitored since the signing of the T2S Framework Agreement in 2012.

Blue status reflects that there is no need for further compliance monitoring. Green status is assigned to the T2S markets where there is no need for a regulatory and/or legal change to be introduced in order to comply with the T2S SF III rule, although a change in the CSD rules is still required. Yellow status reflects that the relevant T2S markets have carried out a thorough assessment and concluded that they will comply with the T2S SF III rule in time for their migration to T2S, but that there is a need for a regulatory or legal change.

Blue	AT, BE (BNYM), ES, FI, LU (LUX CSD), LU (VP LUX), MT
Green	BE (Euroclear), BE (NBB-SSS), DE, CH, EE, FR, GR (BOGS), HU, IT, NL, PT, RO, SI, SK
Yellow	DK, LT, LV
Red	None

Information input: SP2, bilateral discussions and information from NUG chairpersons.

For details on the compliance status colour methodology, please refer to Annex 1. For detailed explanations per T2S market, please refer to Annex 5.

Monitoring

Implementation date	T2S migration date (depending on migration wave).
Monitoring actors	HSG[NUGs].
Monitoring process	Compliance was monitored by the T2S team as part of NUG Survey in January 2013 and the CSD/central bank feasibility assessment process (SP2 and SP3). Additional information received by the T2S team in the context of the client readiness monitoring process is also taken into account.

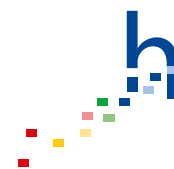
3.11 IT outsourcing (settlement services)

Activity description

The outsourcing of settlement services to T2S requires approval by the relevant regulator, subject to the applicable national laws and regulations. Some national legislation/regulations in the EU either prohibit or hamper outsourcing of settlement services.

Even if this does not seem to be the case for any of the T2S markets, it is important to ensure that all participating CSDs obtain regulatory approval before connecting to T2S. CSDs might otherwise be unable to connect to T2S if the relevant regulators do not grant them authorisation to outsource settlement before their migration dates.

The T2S Framework Agreement recognises that participation in T2S requires regulatory approval for CSDs. CSDs are therefore granted the specific right to terminate the Framework Agreement if such regulatory approval is ultimately refused by the relevant authorities.



Activity status

Priority 1 – activity no 11	Definition	Monitoring	Compliance
IT OUTSOURCING (SETTLEMENT SERVICES)	R	X	X

The matter is addressed in the CSDR proposal by the European Commission, according to which CSDs are allowed to outsource their services to public entities and, in that case, are exempted from the requirements on outsourcing provided in the CSDR. The ECB supported this proposal in its reply to the Commission’s consultation on the CSDR in August 2012.

This is a key issue for T2S, which was also highlighted in the AG’s letter to the European Commission in July 2011. It is important to ensure that the CSDR is adopted and implemented before T2S starts operations.

Owing to the delay in the CSDR adoption process, the AG has assigned a red status to the definition process for this harmonisation activity. It is, however, anticipated that the CSDR, after obtaining political agreement in December 2013, will be voted on by the European Parliament by April 2014. If so, the definition status of this activity would immediately turn to green and monitoring would be started.

Compliance status of T2S markets

Monitoring has not yet started.

Compared with other legal harmonisation issues, the IT outsourcing topic gives less cause for concern for the launch of T2S, given that up to now T2S markets have not identified any regulatory or legal barriers to outsourcing certain CSD services to T2S.

Monitoring

Implementation date	T2S migration date (depending on migration wave).
Monitoring actors	HSG [NUGs].
Monitoring process	To be defined.

3.12 Settlement discipline regime

Activity description

Settlement fails, which occur when a transaction fails to be settled on the intended settlement date, are not subject to deterrent penalties in all EU markets and, where they exist, settlement discipline measures differ widely between markets.

A harmonised settlement discipline regime is needed in T2S in order to avoid the risk of multiple, inconsistent or incompatible regimes that would create operational complexity, in particular for cross-CSD settlement; it is also needed at the EU level to ensure a level playing field and avoid the risk of so-called “regulatory arbitrage”, i.e. the shift of volumes to markets with softer regimes and sanctions. Weak or non-harmonised settlement discipline regimes could also lead to a high number of failed transactions and might thus have an impact on financial stability.

The target date by which all T2S markets should converge towards harmonised rules is their migration to T2S (depending on their migration wave).

Activity status

Priority 1 – activity no 12	Definition	Monitoring	Compliance
SETTLEMENT DISCIPLINE REGIME	R	X	X

Also as a consequence of past initiatives of ECSDA and the AG that flagged the need for a level playing field with regard to settlement discipline, the issue has been on the EU agenda of post-trade harmonisation for several years.

A provision in this regard is included in the current CSDR proposal. The AG supported the inclusion of harmonised settlement discipline rules in the CSDR in its July 2011 letter to the European Commission and the ECB, supported it in its opinion on the CSDR proposal in August 2012. Currently, Article 15 of Regulation (EU) No 236/2012 on short selling lays down rules on settlement discipline (i.e. buy-in for cleared shares). The future CSDR intends to broaden the scope of the settlement discipline measures as regards the instruments covered. Assuming that the general principle for an EU-wide settlement discipline regime is adopted in the CSDR, ESMA and the ESCB would then define the technical standards (level 2 legislation) for the consistent application of such a framework.

The AG has asked the HSG to look into identifying best practices with regard to the settlement discipline regime for T2S markets. The HSG has therefore set up a dedicated task force. The objective of the task force is to provide the HSG with a T2S Community view on the CSDR level 2 regulatory technical standards on settlement discipline. The AG will decide on the final deliverable and the final submission to ESMA during the relevant consultation process.

Owing to the delay in the CSDR adoption process, the AG has assigned red status to the definition process of this harmonisation activity. There is a risk that the relevant measures might not be implemented by the time T2S goes live. Depending on the progress of the CSDR and the involvement of ESMA, in coordination with the ESCB, in establishing a regime for the EU, any possible delays in view of the T2S launch will need to be further assessed.

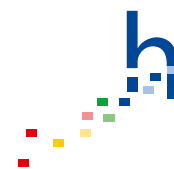
It is however anticipated that the CSDR, after obtaining political agreement in December 2013, will be adopted by April 2014. If so, the definition status of this activity would become yellow, and would only turn green once the technical standards are enforced. The time frame for alignment by T2S wave one markets would be extremely tight. Again, the AG will follow the process and reassess the status of the activity in due time.

Compliance status of T2S markets

Monitoring has not yet started.

Monitoring

Implementation date	T2S migration date (depending on migration wave).
Monitoring actors	ESMA/ESCB (according to the CSDR).
Monitoring process	To be defined by ESMA/ESCB (according to the CSDR).



3.13 Settlement cycles

Activity description

In the EU markets today, the settlement cycle timeline for transferable securities executed on trading venues and settled in an SSS, ranges from T+3 to T+2. The existence of differing settlement cycles has no impact on the core settlement process in T2S since T2S is neutral in this respect and can accommodate different settlement cycles.

However, the establishment of a single settlement cycle in the EU will be crucial for T2S participants' technical infrastructures in terms of rationalising back-office activities as well as managing cross-border corporate actions. This is due to the fact that the deadlines for instructing relevant messages laid down in the EU corporate actions market standards are based on the notion of the settlement cycle timeline. The current non-harmonised practice renders the management of cross-border corporate actions rather inefficient and costly.

This activity aims to ensure that T2S markets adopt a harmonised settlement cycle before their migration to T2S.

Activity status

Priority 1 – activity no 13	Definition	Monitoring	Compliance
SETTLEMENT CYCLES	Y	X	X

As recommended by the Harmonisation of Settlement Cycles Working Group (a group launched by the Commission and made up of industry representatives), the Commission's CSDR proposal establishes a harmonised EU standard of T+2. The AG strongly supported this proposal in its letter sent to the European Commission in July 2011. The rule of a maximum settlement cycle of T+2 is now part of the current text of the CSDR.

Meanwhile, the AG has mandated the HSG to explore the coordination of T2S markets adopting a T+2 rule in view of migration to T2S, independently of the CSDR adoption process. A task force was established by the HSG in October 2013. The task force is expected to deliver recommendations to the HSG/AG in the course of 2014. Initial fact-finding shows that the majority of T2S markets are already making plans to move to T+2 before their migration to T2S. However, most markets have not yet published official decisions on their migration plans and dates.

As a result, and owing to the expectation that most T2S markets will move to T+2 independently of the CSDR, the AG has decided to change its status from red (see the Third T2S Harmonisation Progress Report) to yellow. The HSG will launch the monitoring procedures with the T2S NUGs as soon as the CSDR is adopted.

Compliance status of T2S markets

Monitoring has not yet started.

Monitoring

Implementation date	T2S migration date (depending on migration wave).
Monitoring actors	HSG [NUGs] and the competent authorities supervising trading venues.
Monitoring process	To be defined.

CSD account structures

This area covers the need for CSDs to offer account structures that make it possible to meet the T2S objective of efficient cross-CSD settlement.

A substantial number of the TFAX recommendations focus on this area and the HSG has already begun the follow-up work. In particular, the HSG has presented to the EPTG the implications of the non-harmonised CSD account segregation rules on the efficiency (and thus safety) of cross-border settlement, especially in the future T2S environment. Consequently, ECSDA and AFME have conducted a survey to collect information on the current segregation practices by CSDs in the EU. The issue is not restricted to the CSD segregation rules as, in fact, it also touches on the underlying national specificities that form the basis of such rules (for instance, national registration and tax rules). The HSG is working on analysing further the impact of these restrictions on T2S settlement efficiency.

The XMAP review of the CSD restriction rules in T2S will provide further evidence for this analysis. The EPTG will accordingly be invited to consider any further action, if required.

The issue of CSD account structures was also addressed by a dedicated group set up by AFME, which presented its findings to the AG in March 2012. The group's paper elaborated on the rationale of CSD account structures that use omnibus securities accounts and of structures using more segregated accounts.³⁷

From a T2S perspective, two harmonisation standards have been identified as essential for enabling and ensuring safe and efficient use of links in T2S. Both relate to omnibus accounts.

3.14 Availability of omnibus accounts

Activity description

This activity aims to ensure that issuer CSDs offer omnibus accounts to their foreign participants (investor CSDs and intermediaries) so as to support the concept of CSD interoperability and cross-border settlement in (or even outside) T2S.

The unavailability of omnibus accounts for foreign CSD participants would jeopardise CSD interoperability and cross-CSD settlement, and in practice hinder market access for investor CSDs and foreign intermediaries. This would be against the T2S eligibility criteria for CSDs.³⁸

Activity status

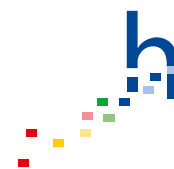
Priority 1 – activity no 14	Definition	Monitoring	Compliance
AVAILABILITY OF OMNIBUS ACCOUNTS	G	G	B

T2S STANDARD:

Issuer CSDs in T2S must offer omnibus accounts to their foreign participants (investor CSDs and intermediaries) to ensure interoperability and cross-CSD settlement.

³⁷ The full paper is available at <http://www.ecb.int/paym/t2s/progress/pdf/ag/mtg17/item-7-1-afme-csd-account-structure-final-report-19-mar-2012.pdf>.

³⁸ For more information on the CSD eligibility criteria in T2S, please see http://www.ecb.europa.eu/ecb/legal/pdf/l_31920111202en01170123.pdf?5e8f3155d7feefb4ce9fce8e5888b176.



This topic was added to the T2S harmonisation list as a priority 1 activity in September 2011, as agreed by the AG.

Monitoring was conducted in 2012 via a NUG survey, and the results were published in the Third T2S Harmonisation Progress Report (March 2013). The new T2S CSDs, BNYM and Latvian CSD, clarified, by means of bilateral discussion, that they currently provide omnibus accounts.

Compliance status of T2S markets

All T2S markets achieved blue compliance status in January 2013, meaning that further monitoring is not required for this harmonisation activity (for the given T2S markets).

Blue	AT, BE (BNYM), BE (Euroclear), BE (NBB-SSS), CH, DE, DK, EE, ES, FI, FR, GR (BOGS), HU, IT, LT, LU (LUX CSD), LU (VP LUX), LV, MT, NL, PT, RO, SI, SK
Green	None
Yellow	None
Red	None

Information input: SP2 and bilateral discussions.

For details on the compliance status colour methodology, please refer to Annex 1. For detailed explanations per T2S market, please refer to Annex 5.

Monitoring

Implementation date	T2S migration date (depending on migration wave).
Monitoring actors	HSG [NUGs].
Monitoring process	Compliance was monitored by the T2S team as part of the CSD/central bank feasibility assessment process (SP2 and SP3). The NUG survey on the topic took place during 2012. Given that the compliance status is blue across the board, no further monitoring is required.

3.15 Restrictions on omnibus accounts

Activity description

The objective of this activity is to ensure that issuer CSDs, in addition to offering foreign participants the possibility to open omnibus accounts (see previous section), also provide appropriate services on those accounts, as required by participants.

The unavailability of appropriate services attached to omnibus accounts represents an obstacle to CSD interoperability and cross-CSD settlement in (or even outside) T2S, as well as to market access for foreign intermediaries.

T2S markets are to comply with this harmonisation standard by the time they migrate to T2S.

Activity status

Priority 1 – activity no 15	Definition	Monitoring	Compliance
RESTRICTIONS ON OMNIBUS ACCOUNTS	G	G	G

T2S STANDARD:

To make full interoperability, cross-CSD settlement and market access possible in T2S, issuer CSDs in T2S must provide appropriate services on omnibus accounts to foreign participants, as required by participants (e.g. withholding tax and proxy voting). These omnibus accounts should also include, as an option, holdings of domicile and non-domicile investors.

Monitoring started during the CSD/central bank feasibility assessment (SP2 and SP3). Information was also acquired via a NUG survey carried out in 2012 and the first results were published in the Third T2S Harmonisation Progress Report (March 2013). Monitoring continues in the context of the T2S client readiness monitoring process (on a quarterly basis).

Compliance status of T2S markets

While in all T2S markets omnibus accounts are offered to investor CSDs and foreign intermediaries, restrictions remain in some markets on the mandatory segregation per investor of all (or some) domicile investors' holdings at CSD level.

T2S markets that still have restrictions on the use of omnibus accounts are assigned yellow compliance status. In these markets, the resolution of these issues depends on regulatory and/or legal changes. Despite this, these markets are not assigned red status because cross-CSD settlement and investor CSD services are still possible for non-domicile investors/intermediaries (though subject to restrictions).

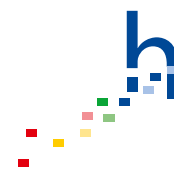
Blue	AT, BE (Euroclear), BE (NBB-SSS), BE (BNYM), CH, DE, DK, EE, ES, FR, GR (BOGS), HU, IT, LT, LU (LUX CSD), LU (VP LUX), LV, MT, NL, RO, SI
Green	None
Yellow	FI, PT, SK
Red	None

Information input: SP2 and bilateral discussions.

For details on the compliance status colour methodology, please refer to Annex 1. For detailed explanations per T2S market, please refer to Annex 5.

Monitoring

Implementation date	T2S migration date (depending on migration wave).
Monitoring actors	T2S team, NUGs.
Monitoring process	Compliance was monitored by the T2S team as part of the CSD/central bank feasibility assessment process (SP2 and SP3). The NUG survey on the topic took place during 2012. Additional information received by the T2S team in the context of the client readiness monitoring process is also taken into account.



3.16 Securities account numbers

Activity description

The objective of this activity is for CSDs to designate a harmonised number for the securities accounts in T2S, rather than using the sequential number provided by the T2S system specification. The purpose is to build logic into the account numbers in order to facilitate identification of account holders and providers.

Compliance with the agreed standard is to be achieved by all T2S markets in time for migration to T2S (depending on their respective migration wave). CSDs should nonetheless be able to participate in bilateral interoperability testing (starting in October 2014) using the agreed numbering standard.

Activity status

Priority 1 – activity no 16	Definition	Monitoring	Compliance
SECURITIES ACCOUNT NUMBERS	G	G	G

T2S STANDARD:

In securities account numbering, CSDs must use a four-digit BIC to identify parties of CSDs plus 31 digits of free text.

A change request was approved in 2012 to adopt harmonised numbers for securities accounts in T2S. The same goes for dedicated cash account numbers, as per the next section.

The CSG proposal for a harmonised securities account numbering standard was endorsed by the AG in November 2012.

Compliance status of T2S markets

A first monitoring survey to assess the compliance of T2S markets with this standard was run by the HSG in coordination with the T2S CSDs in April-May 2013.

The survey results indicated that most of the T2S markets have clear plans and deadlines in place to adopt the securities account numbering format.

Blue	None
Green	AT, BE (BNYM), BE (Euroclear), BE (NBB-SSS), CH, DE, DK, EE, ES, FI, FR, GR (BOGS), HU, IT, LT, LU (LUX CSD), LU (VP LUX), LV, MT, NL, PT, RO, SI, SK
Yellow	None
Red	None

Monitoring

Implementation date	Migration to T2S (depending on migration wave). Participation in bilateral interoperability testing (starting in October 2014) requires the use of T2S numbering standards in the test environment.
Monitoring actors	HSG [CSG].
Monitoring process	HSG survey with T2S CSDs in May 2013. Additional information received by the T2S team in the context of the client readiness monitoring process is also taken into account.

3.17 Cash account numbers

Activity description

The objective of this activity is for T2S cash account providers to designate a harmonised number for the dedicated cash accounts in T2S, rather than using the sequential number provided by the T2S system specification.

The purpose is to build logic into dedicated cash account numbering in order to facilitate identification of account holders and providers.

Compliance with the agreed standard is to be achieved by all T2S markets in time for migration to T2S (depending on their respective migration wave). T2S markets should nonetheless be able to participate in bilateral interoperability testing (starting in October 2014) using the agreed standards.

Activity status

Priority 1 – activity no 17	Definition	Monitoring	Compliance
CASH ACCOUNT NUMBERS	G	G	G

T2S STANDARD:

The dedicated cash account account numbering standard includes 34 characters (one to designate the cash account, two for the country, three for the currency code, 11 for the BIC and 17 characters of free text for the account holder).

Example: CFREURBANKFRPPXXMAIN-DCA-ACCOUNT CDEEURBANKDEFF123DCA CLIENT ALPHA

A change request was approved by the T2S Community in order to enable national central banks to define the dedicated cash account number in T2S. The Eurosystem's Payment and Settlement Systems Committee (PSSC) prepared a proposal in this respect, which was endorsed by the AG in November 2012.

Compliance status of T2S markets

A first monitoring survey by the HSG in coordination with the national central banks was run in April-May 2013.

The survey results indicated that most of the T2S markets have firm plan in place to adopt the cash account numbering format. Three markets (Spain, Italy and Portugal) indicated that the current numbering format of their cash accounts is as per the agreed format. Two markets, Hungary and Switzerland, are not part of the assessment as cash settlement in the respective currencies will not take place in T2S.

Blue	ES, IT, PT
Green	AT, BE (Euroclear), BE (NBB-SSS), BE (BNYM), DE, DK, EE, FI, FR, GR (BOGS), LT, LU (LUX CSD), LU (VP LUX), LV, MT, NL, RO, SI, SK
Yellow	None
Red	None

**Monitoring**

Implementation date	Migration to T2S (depending on migration wave). Participation in bilateral interoperability testing (starting in October 2014 at the earliest) requires the use of T2S numbering standards in the test environment.
Monitoring actors	HSG [NCBs].
Monitoring process	HSG survey with NCBs in May 2013. Additional information received by the T2S team in the context of the client readiness monitoring process is also taken into account.

4 T2S harmonisation activities – priority 2

Priority 2 activities are not essential to ensure safe and efficient cross-CSD settlement in T2S but they are key for enhancing the competitive environment and the efficiency of T2S, and could continue to be pursued after the T2S launch.

4.1 Location of securities accounts/conflict of law

Activity description

The issue of the location of accounts/conflict of law refers to the law applicable to the transfers of securities and to CSD securities accounts.³⁹ For this harmonisation activity, we focus on the second aspect. Clarity on the law applicable to securities accounts is important for T2S because the securities accounts in T2S remain legally attributed to the CSD, regardless of the physical location of the IT infrastructure.

The conflict of law topic may also be relevant for another post-trade harmonisation issue, namely the freedom of issuance. As put forward in the Commission's CSDR proposal, issuers should have the right to issue their securities in non-domicile CSDs. This right may lead to an increase in the instances of conflicts of law.

Activity status

Priority 2 – activity no 18	Definition	Monitoring	Compliance
LOCATION OF SECURITIES ACCOUNTS/CONFLICT OF LAW	R	X	X

The ECB commented in response to the consultations on both the CSDR and the possible future EU legislation in the area of securities, supporting the establishment of a harmonised conflict of law rule. The issue was also mentioned in the AG's letter to the European Commission on the CSDR (dated 2011).

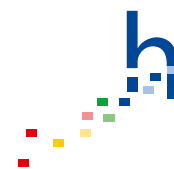
Although the Commission's CSDR proposal included an article dealing with conflicts of law, it is not certain whether this article will be maintained in the final text of the CSDR, which underlines that it is a horizontal issue which goes beyond the scope of the CSDR and could be dealt with in future legislation.

The TFAX report to the AG includes proposals for further harmonisation action in the area of ownership rights creation during the settlement process (credits in securities accounts). This topic could also be covered in the EU's possible future securities legislation.

There is, however, a risk that there will be no EU legislation covering these two issues by the time of the T2S launch; hence, this activity remains red on the T2S harmonisation list.

In November 2013 the AG decided to reprioritise this topic and move it from priority 1 to priority 2. Although the Eurosystem and the T2S Community still support further harmonisation in this field, the AG came to the conclusion that this activity can continue to be pursued even after the launch of T2S. The decision also took into account the legal analysis concluded by the ECB, according to which the absence of a comprehensive legislative conflict-of-law solution at the time of the T2S launch would not undermine legal certainty in T2S. In addition, possible EU legislation – if adopted in future – might be better placed to deliver harmonisation in this area, its scope not

³⁹ Conflict of law also refers to the issue of the creation of rights. Currently, it is not the case for all Member States that securities accounts held within a CSD create rights to securities. However, this is not considered to be a constraint for the harmonisation of cross-border securities transfers.



being limited to the CSDs (but extending to other financial institution involved in the issuance, trade and post-trade of securities).

Compliance status of T2S markets

Monitoring has not yet started.

Monitoring

Implementation date	Pending potential EU legislation on securities law.
Monitoring actors	Pending potential EU legislation on securities law.
Monitoring process	Pending potential EU legislation on securities law.

4.2 Corporate actions market standards

Activity description

The market standards on corporate actions on stocks (settled balances) were finalised in October 2009 by the European Commission-sponsored CAJWG and reviewed in 2012. The standards were subsequently endorsed by the relevant forums and industry associations (CESAME2, the European Banking Federation, European Issuers, etc.) by July 2013.

These market standards provide the basis for the T2S corporate actions standards (see Section 3.7). In turn, one of the guiding principles underpinning the market corporate actions standards is that they “are beneficial for the efficiency of T2S”.⁴⁰

Although T2S is not involved in maintaining or monitoring the corporate actions market standards, the AG keeps the issue on its radar because it is connected with its activity on T2S corporate actions standards. From a T2S perspective, the target date for compliance by T2S markets is migration to T2S (depending on their respective migration wave). T2S markets should nonetheless be able to participate in bilateral interoperability testing (starting in October 2014) in compliance with the corporate actions market standards.

Activity status

Priority 2 – activity no 19	Definition	Monitoring	Compliance
CORPORATE ACTIONS MARKET STANDARDS (CAJWG)	G	G	Y

T2S STANDARD:

T2S markets should comply with the corporate actions standards defined by the CAJWG.

The Broad Stakeholders Group (BSG) and the European Market Implementation Group (E-MIG) run a biannual survey on EEA markets’ compliance with the corporate actions market standards. Responsibility for the actual implementation of the standards by market participants rests at local level with the national Market Implementation Groups (MIGs). Coordination and monitoring at European level is ensured by the all-inclusive BSG of the relevant European trade associations which sponsor the market standards process. Progress in implementing the standards is ultimately reported to the European Commission. The results are also shared with the T2S Programme Office

⁴⁰ For more information, please visit <http://www.ebf-fbe.eu/uploads/Guiding%20Principles%20for%20Market%20Standards%20for%20Corporate%20Actions%20Processing%20General%20Meetings.pdf>.

and are the basis for for the AG to assess T2S markets' compliance in the context of the T2S harmonisation progress reports.

Compliance status of T2S markets

During 2013 very good progress has been observed in the level of participation of T2S markets that had not taken part in the national MIG surveys during the previous reporting cycle.⁴¹ Only one T2S market did not participate in the December 2013 biannual survey. Moreover, there is increased awareness of the dependency between the two implementation processes (T2S and market corporate actions standards).

The percentage of red statuses has decreased substantially, from 45% in the last report to 17% in the current one. The percentage of green statuses increased from 36% to 46% during the same period.

The compliance status assessment for the corporate actions market standards is based on a percentage implementation status and is assigned by the AG as follows: 0-40% implementation corresponds to a red status; 41%-70% is given yellow status; 71%-99% is green; and full compliance with no further monitoring required translates into blue. It should be clarified that the AG is not in a position to make a detailed analysis of the technical and regulatory barriers present in the T2S markets (as is the case with the T2S corporate actions standards analysis – see Section 3.7).

Blue	None
Green	AT, BE (Euroclear), BE (NBB-SSS), DE, DK, ES, GR (BOGS), IT, LV, NL, PT
Yellow	BE (BNYM), CH, EE, FI, FR, LU (LUX CSD), LU (VP LUX), MT, RO
Red	HU, LT, SI, SK

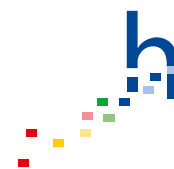
Information input: BSG/E-MIG Survey (2013-14). Markets for which December 2013 survey results are available are AT, BE, CH, DE, DK, EE, ES, FI, FR, HU, IT, LT, LU, LV, NL, RO and SI.

For detailed explanations per T2S market, please refer to Annex 5.

Monitoring

Implementation date	Relevant for T2S: migration to T2S (depending on migration wave). Participation in bilateral interoperability testing, starting in October 2014, requires technical readiness for using market corporate actions standards in the test environment.
Monitoring actors	BSG [E-MIG].
Monitoring process	BSG biannual surveys with MIGs.

⁴¹ The BSG is working towards ensuring reporting by the countries which do not have a national MIG yet (Malta and Slovakia). The Luxembourgish and Hungarian CSDs will provide input in the 2013 surveys. Contacts are being established to improve communication with, on the one hand, NBB-SSS and BOGS and, on the other hand, their respective national MIGs.



4.3 Place of issuance

Activity description

This activity relates to the restrictions that are in place in national laws or market rules in EU countries as regards the place of issuance of securities. Such restrictions represent a barrier for issuers when choosing infrastructures and service providers.

This barrier to the freedom of choosing the issuer CSD does not directly affect T2S and it entails no operational/legal risks for the launch and operation of the single platform. Nevertheless, it has an impact on the competition for issuer CSD services in the respective markets.

Activity status

Priority 2 – activity no 20	Definition	Monitoring	Compliance
PLACE OF ISSUANCE	R	X	X

The issue was raised by the Task Force on smooth cross-CSD settlement, the predecessor of the TFAX and XMAP, in its final report to the AG in June 2011, in particular in the section concerning access and interoperability issues.⁴²

Provisions regarding the removal of barriers to choosing the place of issuance are part of the Commission's CSDR proposal. The AG has expressed its support in this matter (see the AG's letter to the European Commission of June 2011).

The HSG decided that the issue should be reassessed once the CSDR is adopted. Owing to the delay in the CSDR adoption process, the AG has assigned a red status to the definition process of this harmonisation activity.

Should the CSDR be endorsed by the European Parliament by April 2014 as expected, the definition status of this activity would move from red to yellow. Green status will be achieved once the related level 2 legislation is in place.

Compliance status of T2S markets

Monitoring has not yet started.

Monitoring

Implementation date	Pending CSDR and level 2 legislation.
Monitoring actors	European Commission and national regulators (pending CSDR).
Monitoring process	European Commission and national regulators (pending CSDR).

⁴² The Task Force's report is available on the T2S website at <http://www.ecb.int/paym/t2s/governance/ag/html/mtg14.en.html>.

4.4 Withholding tax procedures

Activity description

Giovannini barrier 11 relates to the domestic nature of withholding tax regulations in the EU and the resulting disadvantages for non-domestic intermediaries. It is only possible to withhold tax relief at source with the help of an entity that has tax withholding responsibilities. However, often the national tax rules reserve tax withholding responsibilities for local intermediaries and thus “force” foreign intermediaries to use local fiscal agents.

As a consequence: i) remote access to issuer CSDs for foreign intermediaries may be discouraged; ii) foreign intermediaries are at a disadvantage vis-à-vis local ones; and iii) the location of the issuer CSD could potentially be restricted to local CSDs. This would hamper efficiency and market access in T2S.

Following the report by the Clearing and Settlement Fiscal Compliance expert group (FISCO), in October 2009 the European Commission published its Recommendation on withholding tax relief procedures⁴³, which outlines how EU Member States could make it easier for investors resident in one Member State to claim entitlements to relief from withholding tax on securities income (mainly dividends and interest) received from another Member State (withholding tax relief at source).

The Commission’s Recommendation also suggests measures to eliminate tax barriers for the securities investment activities of financial institutions. A Commission services study⁴⁴ shows that, at present, the costs related to the current reclaim procedures are estimated at €1.09 billion annually, whereas the amount of foregone tax relief is estimated at €5.47 billion annually.

The objective of the T2S harmonisation activity is to monitor compliance with the Commission’s October 2009 Recommendation on withholding tax procedures in all T2S markets and CSDs.

No substantial risks for the T2S launch have been identified in the event that this objective is not achieved. Nevertheless, should no resolution be found on the matter, there may be an impact on settlement efficiency in the affected markets.

Activity status

Priority 2 – activity no 21	Definition	Monitoring	Compliance
WITHHOLDING TAX PROCEDURES	R	R	X

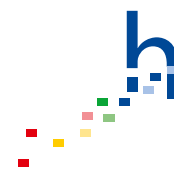
T2S STANDARD:

T2S markets should comply with the Commission’s 2009 Recommendation on withholding tax relief procedures and the solutions put forward by the 2013 T-BAG report, available on the European Commission’s website.

The Commission’s Recommendation was an important step forward in trying to overcome fiscal barriers in the post-trade environment.

⁴³ See the European Commission’s Recommendation (COM (2009) 7924 final).

⁴⁴ The study on “The Economic Impact of the Commission Recommendation on Withholding Tax Relief Procedures and the FISCO Proposals” and other background documents related to fiscal compliance procedures are published on the Europa website and can be accessed via the following links: http://ec.europa.eu/internal_market/financial-markets/clearing/compliance_en.htm; [http://ec.europa.eu/taxation_customs/resources/documents/common/whats_new/C\(2009\)7924_en.pdf](http://ec.europa.eu/taxation_customs/resources/documents/common/whats_new/C(2009)7924_en.pdf).



In 2010 an expert group (the Tax Barriers Business Advisory Group, or T-BAG) was created to follow up on the Commission's Recommendation from a business perspective and suggest workable solutions to implement the principles outlined in the recommendation. T-BAG issued its final report to the Commission in May 2013.⁴⁵ In September 2013 the Commission submitted a questionnaire to some T-BAG members focusing on the method by which tax relief on cross-border portfolio investment can be obtained and the role of a non-resident financial institution.

From a T2S harmonisation perspective, the definition process for this activity is now complete. The HSG is in contact with the Commission to organise and coordinate a monitoring process for this activity.

The monitoring status for this activity is marked red because no solution could be found so far. The HSG intends to discuss this topic with the EPTG.

Compliance status of T2S markets

Monitoring has not started yet.

Monitoring

Implementation date	T2S launch date
Monitoring actors	To be defined.
Monitoring process	To be defined.

4.5 Cross-border shareholder transparency and registration procedures

Activity description

This activity covers the two connected areas of cross-border shareholder transparency and the registration procedures⁴⁶ linked to the issuer CSD operating and regulatory frameworks.

Concerning **shareholder transparency** for registered securities, in most EU countries there are efficient models for identifying domestic shareholders. However, there is no common European model for enabling issuers to identify their owners in a cross-border environment. Issuers have therefore highlighted that, as a consequence of increased cross-border activity in T2S, shareholder transparency issues might emerge across borders. A key concern is how to retrieve specific holders' information via the CSD omnibus account link arrangements. The AG agreed that the resolution of this issue should be pursued, but without affecting the timely delivery or the current scope of T2S services. Hence, this activity is considered as priority 2 in view of the T2S launch; the possibility of implementing a centralised solution in the second release of T2S will be considered in due time.

One aspect relating to the disclosure of shareholders is that of **registration processes** in the issuer CSD operating and regulatory frameworks. Registration procedures for certain securities have long been recognised as one of the most difficult and complex areas for harmonisation in some jurisdictions. Procedures are usually based on long standing legal and regulatory rules (on the owner of a registered instrument or the investor's rights on the same asset). Registration processes, and the mechanisms used to transmit registration information, vary very considerably

⁴⁵ The report is available on the European Commission's website at http://ec.europa.eu/internal_market/financial-markets/docs/clearing/tbag/130524_tbag-report-2013_en.pdf.

⁴⁶ The registration process is the process of updating a register (managed by a registrar) that contains information on the identity (name, address, etc.) of shareholders in a company.

between European countries. They are particularly complex and can in some cases affect the issuance/central safekeeping services of a CSD, as well as settlement services.

Some market participants have identified the risk that if registration procedures remain non-harmonised, this may have a negative effect on the efficiency of cross-CSD settlement in T2S. It could also affect market access, which is particularly important for investor CSDs in T2S. The HSG is currently analysing this issue in the context of the XMAP work on CSD restriction rules (related to registration procedures).

Activity status

Priority 2 – activity no 22	Definition	Monitoring	Compliance
CROSS-BORDER SHAREHOLDER TRANSPARENCY AND REGISTRATION PROCEDURES	R	X	X

This issue of **shareholder transparency** was addressed in the early stages of the T2S project by a dedicated T2S group (Task Force on Shareholder Transparency)⁴⁷ set up by the AG in December 2009. The task force presented its final report to the AG in March 2011. The report included a description of possible decentralised and centralised technical models (one of the options being the T2S platform) for exchanging shareholder information on a cross-border basis. The conclusions of the task force were supported by the vast majority of the AG.

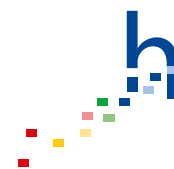
Leaving aside the centralised model for possible consideration for a future release of T2S, the AG used the suggestions contained in the report to invite a number of actors to work on possible decentralised solutions. Proposals put forward were: the creation of an ISO disclosure message standard; an amendment to the Transparency Directive; a possible market practice for exchanging shareholders' disclosure requests and responses, to be developed by the market via ECSDA. However, none of those solutions has been implemented thus far, since the relevant actors have not considered it to be a high priority and the business case potential is considered to be limited.

As far as the impact of heterogeneous **registration procedures** on cross-CSD settlement in T2S is concerned, the TFAX analysed this area in its 2012 report. One of the results of this work is the recommendation endorsed by the AG in February 2013 not to use T2S messages for passing on registration information. This is now considered T2S best market practice, as explained in Section 3.3.

However, the AG recognises that there are further important steps to be taken to achieve full harmonisation regarding how to manage registration procedures in T2S markets (especially in cross-CSD contexts). Given the complexity and the regulatory/legal implications of the registration topic, the AG has raised it with the EPTG.

In 2013 the EPTG identified cross-border shareholder transparency, including the connected topic of registration procedures, as one of the main action points on its current agenda. A Working Group on Registration and Shareholder Identification has been set up by some EPTG members to work on the matter. The group is currently carrying out a fact-finding exercise with European markets. The HSG will follow the developments to make sure that the T2S-relevant aspects are covered.

⁴⁷ The registration process is the process of updating a register (managed by a registrar) that contains information on the identity (name, address, etc.) of shareholders in a company.



Compliance status of T2S markets

Definition is not complete and no standards have been endorsed yet. Monitoring has therefore not yet started.

Monitoring

Implementation date	Pending EPTG outcome.
Monitoring actors	Pending EPTG outcome.
Monitoring process	Pending EPTG outcome.

4.6 Market access and interoperability

Activity description

The activity covers market practices or legislation that obligate or restrict the settlement of (stock exchange and/or central counterparty-cleared) transactions in a specific issuer CSD. The consequence for foreign investors, custodians and/or investor CSDs in such (issuer) markets is that access to settlement flows is restricted owing to the unfair competitive advantages established in those issuer markets. The restriction implies that entities wishing to offer settlement services on these securities need to become participants in the issuer CSD or central counterparty.

The issue has no impact on T2S settlement processes, but it is important for competition and CSD access conditions in T2S-relevant markets.

Activity status

Priority 2 – activity no 23	Definition	Monitoring	Compliance
MARKET ACCESS AND INTEROPERABILITY	R	X	X

At the moment, the key initiative in this area is the CSDR which covers the market access topic and provides for additional technical standards within level 2 legislation. Owing to the delay in the CSDR adoption process, the AG has assigned a red status to the definition process of this harmonisation activity.

Should the CSDR be adopted in April 2014 as expected, the definition status for this activity would become yellow. Green status will be achieved after completion of the CSDR level 2 legislation.

Compliance status of T2S markets

Monitoring has not started yet.

Monitoring

Implementation date	Pending CSDR and level 2 legislation.
Monitoring actors	Pending CSDR and level 2 legislation.
Monitoring process	Pending CSDR and level 2 legislation.

4.7 Securities amount data

Activity description

This activity aims to address the absence of a standardised practice across all T2S markets for defining securities amount data (face value/nominal amount vs. quantity/units) in the trading, clearing and settlement chain.

The non-standardisation of securities quantity data has no impact on T2S settlement as long as only one rule is used for each ISIN in T2S (either nominal amount (FAMT) or quantity/units (UNIT)).⁴⁸

However, the current practice in some markets may create difficulties for foreign entities (investor CSDs, custodians) that wish to offer services on securities in those markets.

The objective of this activity is to ensure that all T2S markets are aligned with the EU's standard practice in time for migration to T2S (depending on their respective migration waves). T2S markets should nonetheless be able to participate in bilateral interoperability testing (starting in October 2014) using the agreed shared practice.

Activity status

Priority 2 – activity no 24	Definition	Monitoring	Compliance
SECURITIES AMOUNT DATA	G	G	G

T2S STANDARD:

In line with the current standard market practice in the EU, T2S markets should define securities amount data by using nominal value for debt instruments and units for non-debt instruments (i.e. debt instruments in FAMT and equities in UNIT).

In September 2011 the AG agreed: i) to add the issue to the T2S harmonisation list; ii) to support the definition of a harmonised practice for all T2S markets; and iii) to escalate the issue to the NUGs and, if required, to national regulators.

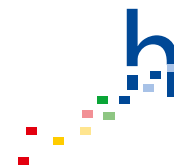
Compliance status of T2S markets

There seem to be only a few exceptions to the standard market practice in the EU. However, if this issue is not resolved prior to the T2S launch, it may result in failed T2S validation of the settlement instructions related to the markets that are not aligned to the EU standard.

Blue implementation status is assigned to T2S markets that are already compliant with EU market practice.

Green status reflects non-compliance at the moment, but that there is a plan in place for achieving compliance prior to the T2S bilateral interoperability testing phase (starting in October 2014). Yellow reflects compliance by the migration date, but some market practice or regulatory change has still to be agreed/introduced in the national market.

⁴⁸ For each T2S settlement instruction, T2S will verify whether the type of settlement amount in the settlement instruction (face amount or number of units) matches the type of amount as defined for the given ISIN in the T2S static data. This would make it impossible for a T2S actor to instruct T2S both in nominal amount (FAMT) and units (UNIT) for the same ISIN. One of these settlement amount types only must be selected in advance for each ISIN.



Blue	AT, BE (Euroclear), BE (NBB-SSS), CH, DE, DK, EE, ES, FR, GR (BOGS), HU, IT, LT, LU (LUX CSD), LU (VP LUX), MT, NL, RO
Green	BE (BNYM), LV, PT, SI
Yellow	FI, SK
Red	None

Information input: SP2 and bilateral discussions.

For details on the compliance status colour methodology, please refer to Annex 1. For detailed explanations per T2S market, please refer to Annex 5.

Monitoring

Implementation date	Migration to T2S (depending on migration wave) However, T2S markets must use a common practice in the test environment (during bilateral interoperability testing, starting in October 2014).
Monitoring actors	HSG [NUGs].
Monitoring process	Compliance was monitored by the HSG as part of the CSD/central bank feasibility assessment process (SP2 and SP3). Additional information received by the T2S team in the context of the client readiness monitoring process is also taken into account.

Annex 1: Methodology

The following methodology is used for compiling the deliverables of the HSG to the AG (progress report, T2S harmonisation list and status update dashboard).

Harmonisation activities

A harmonisation activity is a task that needs to be completed in order to remove a barrier to smooth cross-CSD settlement in T2S markets. Some activities are grouped under broader areas.

Example

Area: Legal harmonisation

Activities: SF I, SF II, SF III, outsourcing, conflicts of law

Prioritisation of activities

The AG agreed to prioritise the T2S harmonisation work as outlined below.

Priority 1: Activities necessary to ensure efficient and safe cross-CSD settlement in T2S. The HSG and the T2S team should focus on these activities as first priorities for resolution and implementation prior to the launch of T2S.

The fact that an activity is assigned priority 1 does not imply that the HSG will be the key definition or monitoring actor (e.g. T2S ISO messages, legal harmonisation).

Priority 2: Activities that are not essential to ensure safe and efficient cross-CSD settlement in T2S, but are key for enhancing the competitive environment and the efficiency of T2S, and could continue to be pursued after the T2S launch. Even for activities classified as priority 2, the AG/HSG/T2S team have an interest in maintaining regular contact with the relevant actors, since these activities might bring substantial benefits to T2S operations (e.g. tax procedures).

Harmonisation phases

There are three harmonisation processes/phases for each activity in the T2S harmonisation list in Annex 2: definition, monitoring and implementation. Each phase corresponds to a different aim/question.

Definition: This refers to the T2S (or, where relevant, wider European) standards/rules definition process. What are the standards and who is responsible for defining and endorsing them?

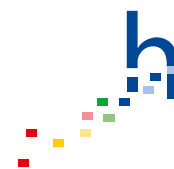
Monitoring: What is the monitoring framework and who are the actors responsible for monitoring that T2S markets comply with the harmonisation standards/rules?

Implementation: This phase/process refers to the T2S markets' compliance with the relevant harmonisation standards. What is the process, and who ultimately needs to implement changes and adapt to the harmonisation standards/rules? What is the implementation status per T2S market?

Responsible actors

For each process/phase, clear responsible actors and concrete deadlines are proposed.

- Definition actors: entities responsible for defining the standard (e.g. the AG supported by CASG in the case of the T2S corporate actions standards, T-BAG/Commission in the case of withholding tax procedures, CAJWG in the case of market corporate actions standards)
- Monitoring actors: entities responsible for monitoring that T2S markets are complying with the standard (e.g. the AG supported by CASG in the case of the T2S corporate actions standards, E-MIG in the case of the market corporate actions standards)



- Implementation actors: entities responsible for ultimately implementing changes and adapting to the standard (e.g. CSDs, their participants and perhaps regulators in the case of the T2S corporate actions standards)

Dates

A deadline for completion is set for each phase. In most cases, the deadline for compliance coincides with the migration of each market to T2S (depending on the respective migration wave). However, for most technical standards, T2S markets/CSDs are required to be able to participate in the interoperability testing phase, as per migration wave, abiding by the agreed rules and standards in the test environment.

Status assessment

A specific colour, based on a four-colour scheme, is displayed in the status update dashboard to reflect the progress in each process (definition, monitoring and compliance). These colours/statuses are agreed at the AG level, based on the proposals of the HSG (and the input of the T2S NUGs, CSDs and other reporting actors).

Table 1

Colour	Description
BLUE	<p>Compliance</p> <p>The market has achieved full compliance with the harmonisation standard.</p> <p>a. For technical standards (e.g. T2S ISO 20022 messages), this means that the T2S market is already operating according to the standard.</p> <p>b. For regulatory/legal standards (e.g. T2S settlement finality rules), this means that the relevant regulation/legislation is already in place.</p> <p>Further monitoring of the T2S market is no longer required.</p>
GREEN	<p>Definition</p> <p>The relevant stakeholder bodies (in or outside T2S) have defined and agreed/endorsed the standards for the harmonisation activity.</p> <p>Monitoring</p> <p>The monitoring actors (in or outside T2S) have defined and implemented a framework for monitoring and reporting progress on the T2S markets' compliance with the harmonisation standard. The T2S markets report regularly to the responsible stakeholder bodies.</p> <p>Compliance</p> <p>1) There are changes still pending (technical, regulatory or legal) before the T2S market can achieve full compliance with the harmonisation standard, but no obstacles have been identified to achieving full compliance by the deadline.</p> <p>and</p> <p>2) The market has established a clear/detailed plan to implement the harmonisation standard and has publicly announced deadlines for full implementation.</p> <p>Further monitoring of the T2S market is required.</p>

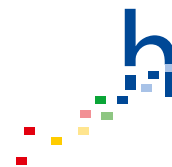
YELLOW	<p>Definition</p> <p>Open issues remain concerning the definition and agreement of the standards for the harmonisation activity by the relevant stakeholder bodies (in or outside T2S). However, stakeholders have agreed a roadmap and an approach to resolving pending issues in order to achieve agreement on the standard.</p> <p>Monitoring</p> <p>The monitoring actors (in or outside T2S) have defined and implemented a framework for monitoring and reporting progress on the T2S markets' compliance with the harmonisation standard. The T2S markets report to the monitoring bodies on an irregular basis.</p> <p>Compliance</p> <p>1) There are changes still pending (technical, regulatory or legal) before the T2S market can achieve full compliance with the given harmonisation standard, but obstacles have been identified which may threaten achievement of full compliance by the deadline.</p> <p><i>or</i></p> <p>2) The T2S market has issued a statement that it will implement the standard, but has not committed to concrete and publicly announced dates for implementation.</p> <p>Further monitoring of the T2S market is required.</p>
RED	<p>Definition</p> <p>Relevant stakeholder bodies (in or outside T2S) have not reached an agreement on the definition of the standard and stakeholders have not agreed a roadmap or an approach to achieving agreement on the standard. Stakeholders have not agreed a formal plan to achieve compliance with the standards.</p> <p>Monitoring</p> <p>The monitoring stakeholders have not defined and/or not implemented a framework for monitoring and reporting progress on the T2S markets' compliance with the harmonisation standard.</p> <p>Compliance</p> <p>1) The T2S market has not provided any information on its level of compliance with the standard.</p> <p><i>or</i></p> <p>2) The T2S market has decided not to (fully) comply with the standard.</p> <p><i>or</i></p> <p>3) There are changes still pending (technical, regulatory or legal) before the T2S market can achieve full compliance with the harmonisation standard and obstacles have been identified that have stopped the implementation plan of the market and/or will prevent its full implementation by the deadline.</p> <p>Further monitoring of the T2S market is required.</p>
X	Process not started yet

Monitoring methodology⁴⁹

The HSG only monitors T2S harmonisation activities for which the definition process is complete, i.e. a standard/rule/agreement has been defined and endorsed by the relevant actors. The endorsement may come from the AG (e.g. T2S corporate actions standards) or from EU authorities (e.g. the CSDR).

Once the definition process is complete (i.e. the AG assigns green status to the activity), the HSG – with the help of the T2S team – launches the monitoring process. The T2S team acts as the contact point or secretariat for this process. The key respondents are the T2S NUGs. For some activities, this monitoring may be launched by external parties (E-MIG in the case of the market corporate actions standards).

⁴⁹ As agreed by the AG on 27 March 2012.

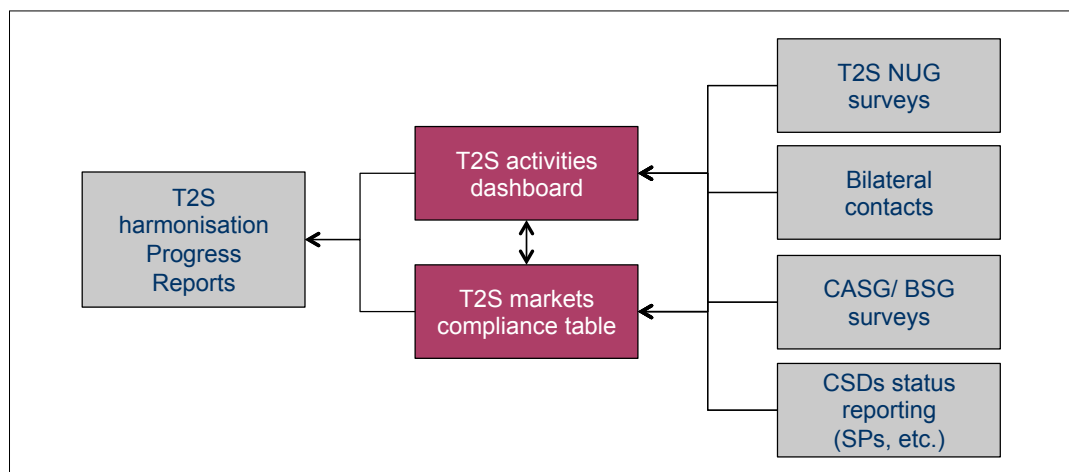


For each of the T2S harmonisation activities covered in this report, there is a section on monitoring. This section has three key elements:

- the implementation date, which describes by when the standard/agreement needs to be implemented by the T2S markets;
- the monitoring actors, i.e. who is performing the monitoring process (e.g. T2S team, NUGs, E-MIG);
- the monitoring process, which describes what the process consists of (e.g. NUG surveys, CASG surveys, T2S actors' feasibility assessments).

The information provided for individual T2S markets and activities may stem from more than one source. For example, T2S NUGs provided information on SF II and SF III, but this point was also covered by most T2S actors in their feasibility assessments sent to the T2S team. As shown in Diagram 1, the different input channels (NUG surveys, CASG/CAJWG surveys, bilateral contacts and SP reporting) feed into the different monitoring tools (dashboard and market implementation tool), and are finally summarised in the AG's harmonisation progress report.

Diagram 1: Information channels for monitoring T2S harmonisation



In this report, the compliance status is presented by market (rather than by CSD). Compliance usually depends on national market practice, specificities or even regulation rather than on an individual CSD's business model. In markets with more than one CSD, the name of the relevant CSD is used in order to flag differing progress in implementation.

In the case of market corporate actions standards, colours are assigned to T2S markets based on a statistical approach, as described in section 4.2.

Annex 2: T2S harmonisation list

Activity	Objective	Definition	Monitoring	Implementation	Comments
PRIORITY 1					
1 T2S ISO 20022 messages	To define and implement the T2S ISO 20022 messages	Actor: AG (Sub-group on Message Standardisation), 4CB Delivery date: September 2012 (UDFS v1.2.1) Status: COMPLETE. The full catalogue of ISO 20022-compliant T2S messages (130 messages in total) is now part of UDFS v1.2.1 (September 2012).	Actor: NUGs, T2S team Status: Compliance was monitored by the ECB's T2S team as part of the CSD/central bank feasibility assessment process (SP2 and SP3). Monitoring continues in the context of the client readiness monitoring process (conducted by the T2S team on a quarterly basis).	Actor: CSDs Target date: Implementation by migration to T2S (depending on wave). CSDs to be technically ready for testing by the start of bilateral interoperability testing (earliest start: October 2014).	
2 T2S mandatory matching fields	To agree on a single list of T2S mandatory matching fields.	Actor: AG (T2S team, HSG, TFAX) Delivery date: September 2012 (UDFS v1.2.1) Status: COMPLETE.	Actor: NUGs, T2S team Status: Compliance was monitored by the ECB's T2S team as part of the CSD/central bank feasibility assessment process (SP2 and SP3). Monitoring continues in the context of the client readiness monitoring process (conducted by the T2S team on a quarterly basis).	Actor: CSDs Target date: Implementation by migration to T2S (depending on wave). CSDs to be technically ready for testing by the start of bilateral interoperability testing (earliest start: October 2014).	XMAP analysis on the use of non-mandatory fields can be found in the report presented to the HSG in January 2014.
3 Interaction with T2S (local registration procedures) Today, divergent national registration rules and practices create costs and inefficiency in the management of the registration process and the related information in cross-border environments.	To define and implement T2S best market practice regarding the management of registration information in T2S markets. To ensure that registration procedures do not interrupt straight-through processing in T2S and do not hamper smooth cross-CSD settlement in T2S.	Actor: AG (TFAX, HSG) Delivery date: 6 Feb 2013 (the AG endorsed the market practice proposed by TFAX) Status: COMPLETE. The AG agreed that T2S settlement should not be used as a means of passing registration details.	Actor: AG (HSG, NUGs) Status: Survey with NUGs and CSDs in spring 2013.	Actor: T2S markets, CSDs Target date: implementation by migration to T2S (depending on wave). CSDs to be technically ready for testing by start of bilateral interoperability testing (earliest start: October 2014)	TFAX analysis showed that passing exchanging registration data via T2S brings with it complexities and confidentiality issues and moreover, is not possible in all settlement scenarios.
4 Interaction with T2S (tax requirements) Owing to divergent national rules on information requirements and information flows related to transaction tax, the management of fiscal services cross-border is costly and inefficient.	To define and implement T2S best market practice for the management of transaction tax information cross-border.	Actor: AG (TFAX, HSG) Delivery date: 6 Feb 2013 (the AG endorsed the market practice proposed by TFAX) Status: COMPLETE. The AG agreed that no tax-related information should be included in T2S settlement messages (for either intra- or cross-CSD transactions).	Actor: AG (HSG, NUGs) Status: Survey with NUGs and CSDs in spring 2013.	Actor: T2S markets, CSDs Target date: implementation by migration to T2S (depending on wave). CSDs to be technically ready for testing by the start of bilateral interoperability testing (earliest start: October 2014).	TFAX analysis showed that passing tax information via T2S is complex and has a number of drawbacks.



Activity	Objective	Definition	Monitoring	Implementation	Comments
5 Interaction with T2S (CSD ancillary services)	To define and implement T2S best market practice for interacting with T2S in the context of specific CSD ancillary services.	Actor: AG (TFAX, HSG) Delivery date: 6 Feb 2013 (the AG endorsed the market practice proposed by TFAX) Status: COMPLETE. The AG agreed that portfolio transfer information must be exchanged outside T2S (either between custodians or via CSDs).	Actor: AG (HSG, NUGs) Status: Survey with NUGs and CSDs in spring 2013.	Actor: T2S markets, CSDs Target date: Implementation by migration to T2S (depending on wave). CSDs to be technically ready for testing by the start of bilateral interoperability testing (earliest start: October 2014).	
6 T2S schedule for the settlement day and calendar Divergent operating hours and deadlines across T2S markets.	To clarify the details of the single T2S schedule for the settlement day and single calendar per currency.	Actor: AG (T2S schedule workshop) Status: COMPLETE. A detailed description of the T2S schedule for the settlement day is included in UDFS v. 1.2.1 (September 2012).	Actor: NUGs, T2S team Status: Compliance was monitored by the ECB's T2S team as part of the CSD/central bank feasibility assessment process (SP2 and SP3). Monitoring continues in the context of the client readiness monitoring process (conducted by the T2S team on a quarterly basis).	Actor: CSDs Target date: Implementation by migration to T2S (depending on wave). CSDs to be technically ready for testing by the start of bilateral interoperability testing (earliest start: October 2014).	Requirements for full compliance with the T2S schedule were clarified by the AG in November 2013 and February 2014.
7 T2S corporate actions standards	To define and implement standards for CSDs' interaction with T2S as regards the settlement of corporate actions on flows (pending instructions).	Actor: AG (CASG) Status: COMPLETE. CASG standards were approved by the AG in 2009 (and updated in March 2011 and March 2012). Some editing updates to buyer protection standards were approved by the AG in March 2012. Some updates and clarifications of the standards were approved by the AG in May 2013.	Actor: CASG, NUGs Status: Results of 2013 CASG published in 2013 gap analysis report in December 2013.	Actors: CSDs Target date: Implementation by migration to T2S (depending on wave). CSDs to be technically ready for testing by the start of bilateral interoperability testing (earliest start: October 2014).	2014 gap analysis to be run in the first half of the year.

32 SP stands for T2S Planning Synchronisation Point: milestones that seeks to ensure the alignment of the readiness status of a CSD with the T2S Programme Plan at key stages of the project by determining whether the stakeholders deliver what they expect from each other at specific points in time.

	Activity	Objective	Definition	Monitoring	Implementation	Comments
8	<p>Settlement Finality I: moment of entry of a transfer order into the system (Settlement Finality Directive, Art. 3). Divergent rules for defining SF I are still in place in T2S markets. A harmonised rule will provide protection against the spillover effects of insolvency of participants in other CSDs (linked CSDs in T2S).</p>	<p>To agree on a common SF I rule applicable for all CSDs connected to T2S, and to ensure compliance.</p>	<p>Actor: AG (HSG), CSG Delivery date: Third quarter of 2013 Status: IN PROGRESS. Art. 21/para. 4 of the T2S Framework Agreement indicates the need to agree on a common rule, but does not provide the rule. A proposal is expected from the CSG. See also the Settlement Finality Directive (2009), Art.3; ESCB/CESR recommendation 1 for SSSs (2009); CPSS/IOSCO principles 1 and 8 (2012); CSDR proposal (2012), Art. 36/3 and 45/a. The future CSDR may include provisions on SF I, in particular requiring interoperable systems to put in place harmonised rules on SF I. However, the CSDR is not intended to provide such harmonised rules in general.</p>	<p>Actor: HSG, T2S team, NUGs, CSG Status: Not yet initiated.</p>	<p>Actor: National legislators, regulators and CSDs Target date: T2S migration date (depending on migration wave)</p>	<p>The HSG sent a proposal to the CSG in July 2012. In November 2012 the CSG established a task force to agree on a harmonised standard. A proposal was presented to the CSG in September 2013, but no endorsed standard has been established yet.</p>
9	<p>Settlement Finality II: irrevocability of transfer orders. Elimination of the risk of transfer order revocation (Settlement Finality Directive, Art. 5).</p>	<p>To monitor CSDs' compliance with the transfer order irrevocability rule laid down in the URD (in T2S, unilateral cancellation is not possible after matching).</p>	<p>Actor: AG (HSG), T2S team, NUGs Status: COMPLETE. Rule included in the T2S URD. Also covered in the T2S Framework Agreement, Art. 21/para. 4. See also the Settlement Finality Directive (2009), Art. 5; ESCB/CESR recommendations 1 and 8 for SSSs (2009); CPSS/IOSCO principles 1 and 8 (2012); CSDR proposal (2012), Art. 36/3 and 45/8. The future CSDR may include provisions on SF II, in particular requiring interoperable systems to put in place harmonised rules on SF II. However, the CSDR is not intended to provide such harmonised rules in general.</p>	<p>Actor: T2S team, NUGs Status: T2S-relevant market status as of 2011 was presented to the AG in March 2012. Compliance was monitored by the T2S team via the NUGs and as part of the CSD/central bank feasibility assessment process (SP2 and SP3). Monitoring continues in the context of the client readiness monitoring process (conducted by the T2S team on a quarterly basis).</p>	<p>Actor: CSDs, regulators Target date: T2S migration date (depending on migration wave)</p>	



Activity	Objective	Definition	Monitoring	Implementation	Comments
<p>10</p> <p>Settlement Finality III: Irrevocability of securities transfers. In order to facilitate legally sound, seamless cross-border DvP settlement, CSDs participating in T2S must recognise account entries in T2S as unconditional, irrevocable and enforceable.</p>	<p>To ensure compliance with the T2S SF III rule (i.e. bookings in securities accounts maintained in T2S are unconditional, irrevocable and enforceable).</p>	<p>Actor: CSG, HSG, T2S team Definition delivery date: 2011 Status: COMPLETE. Established in Art. 21/para. 4 of the T2S Framework Agreement. See also ESCB/CESR recommendations 1 and 8 for SSSs (2009), CPSS/IOSCO principles 1 and 8 (2012); CSDR proposal (2012), Art. 36/3 and 45/8. The future CSDR may include provisions on SF III, in particular requiring interoperable systems to put in place harmonised rules on SF III. However, the CSDR is not intended to provide such harmonised rules in general</p>	<p>Actor: T2S team Status: Monitoring started as part of the CSD/central bank feasibility assessment process (SP2). The HSG ran a survey with NUGs and CSDs (Dec 2012-Jan 2013) to enhance understanding of the criteria for SF III compliance and ensure consistent monitoring. Monitoring continues in the context of the client readiness monitoring process (conducted by the T2S team on a quarterly basis).</p>	<p>Actor: National legislators, regulators, CSDs Target date: T2S migration date (depending on migration wave)</p>	
<p>11</p> <p>IT outsourcing (settlement services) The outsourcing of settlement services to T2S requires approval by the relevant regulator, subject to the applicable national laws and regulations. Some national legislation/regulations in the EU either prohibit or hamper the outsourcing of settlement services.</p>	<p>To ensure that all CSDs are granted authorisation on time for the T2S launch.</p>	<p>Actor: European Commission, EU legislators Delivery date: Q1 2014 (CSDR adoption) Status: IN PROGRESS. A provision is included in the Commission's CSDR proposal (authorising IT outsourcing by CSDs to public entities).</p>	<p>Actor: T2S team Status: Not yet initiated.</p>	<p>Actor: National legislators, ESMA regulators and CSDs Target date: T2S migration date (depending on migration wave)</p>	

Activity	Objective	Definition	Monitoring	Implementation	Comments
<p>12</p> <p>Settlement discipline regime Broadly defined as the agreed market standards (or practice) to achieve timely matching and settlement of securities transactions and to prevent/ reduce fails.</p>	<p>To agree on a single EU settlement discipline regime, so as to ensure a level playing field for CSDs and avoid regulatory arbitrage.</p>	<p>Actors: European Commission, EU legislators, ESMA/ESCB Delivery date: Q1 2014 (CSDR adoption), level 2 legislation by ESMA Status: IN PROGRESS. The principle of establishing a common framework is part of the CSDR proposal. ESMA/the ESCB will provide the related technical standards. The HSG will set up a task force to contribute to the work of ESMA/ESCB.</p>	<p>Actor: Pending CSDR Status: Not yet initiated.</p>	<p>Actor: Pending CSDR Target date: T2S migration date (depending on migration wave)</p>	
<p>13</p> <p>Settlement cycles There is no harmonised settlement cycle in Europe (T+3 and T+2). This has no impact on domestic transactions, but does have an impact on cross-CSD transactions as regards aligning <i>record dates</i> and <i>market</i> deadlines when managing and instructing corporate actions on flows.</p>	<p>To introduce a single EU-wide settlement cycle, substantially improving the efficiency of corporate actions management in the context of T2S, and facilitating rationalisation of back-office activities in general.</p>	<p>Actors: European Commission (Harmonisation of Settlement Cycles Working Group), EU legislators Delivery date: Q1 2014 (CSDR adoption) Status: IN PROGRESS. The Harmonisation of Settlement Cycles Working Group recommended an EU-wide T+2 rule as part of its response to the CSDR consultation. T+2 (as a minimum standard) is part of the CSDR proposal. The HSG has set up a task force to coordinate the migration of T2S markets to T+2.</p>	<p>Actors: National regulators, potentially AG (HSG) Status: Not yet initiated.</p>	<p>Actors: National regulators Target date: The current CSDR proposal requires compliance by 1 Jan 2016. From a T2S perspective, the target is readiness before migration to T2S.</p>	
<p>14</p> <p>Availability of omnibus accounts The unavailability of omnibus account services from the issuer CSD does not support the concept of interoperability and market access in (and also outside) T2S.</p>	<p>Issuer CSDs to offer investor CSDs and foreign intermediaries the possibility to open omnibus accounts for cross-CSD settlement.</p>	<p>Actor: AG Delivery date: September 2011 (AG decision) Status: COMPLETE. The AG agreed on the need for issuer CSDs to offer omnibus account services to foreign participants.</p>	<p>Actor: HSG, T2S team, NUGs Status: COMPLETE. A stock-taking exercise with the NUGs was carried out in November 2011, further updated in the first quarter of 2012, and presented to the AG in March 2012. Compliance was also monitored by the T2S team as part of the CSD/central bank feasibility assessment process (SP2). All T2S markets are already compliant. No further monitoring needed.</p>	<p>Actor: Regulators, CSDs Target date: T2S migration date (depending on migration wave)</p>	



Activity	Objective	Definition	Monitoring	Implementation	Comments
<p>15</p> <p>Restrictions on omnibus accounts</p> <p>The restrictions on the use of omnibus accounts and the limited services available on these accounts hamper the concept of CSD interoperability and cross-border settlement in (and also outside) T2S.</p>	<p>Issuer CSDs to offer, in addition to the possibility to open omnibus accounts, the appropriate services required by participants (e.g. withholding tax and proxy voting). Omnibus accounts should also include holdings of domicile and non-domicile investors.</p>	<p>Actor: AG Delivery date: September 2011 (AG decision) Status: COMPLETE. The AG agreed on the need for issuer CSDs to offer appropriate omnibus account services to foreign participants.</p>	<p>Actor: HSG, T2S team, NUGs Status: Compliance was monitored by the T2S team primarily via the T2S NUGs and also as part of the CSD/central bank feasibility assessment process (SP2 and SP3). Monitoring continues in the context of the client readiness monitoring process (conducted by the T2S team on a quarterly basis). The NUG survey conducted during 2012 showed that restrictions remain in some markets relating to the availability of omnibus accounts to all (primarily domestic) investors.</p>	<p>Actor: Regulators, CSDs Target date: T2S migration wave (depending on migration wave)</p>	
<p>16</p> <p>Securities account numbers</p>	<p>To designate a harmonised number for securities accounts in T2S, rather than using the sequential number automatically provided by the system. This will facilitate identification of account holders and providers.</p>	<p>Actor: AG, CSG, T2S team Definition delivery date: 28 November 2012 (AG approval) Status: COMPLETE. The AG approved the CSG's proposal on securities account numbers.</p>	<p>Actor: T2S team, NUGs Status: Survey with CSDs in spring 2013.</p>	<p>Actor: CSDs Target date: implementation by migration to T2S (depending on wave). CSDs to be technically ready for testing by the start of bilateral interoperability testing (earliest start: October 2014).</p>	

Activity	Objective	Definition	Monitoring	Implementation	Comments
17 Cash account numbers	To designate a harmonised number for dedicated cash accounts in T2S, rather than using the sequential number automatically provided by the system. This will facilitate identification of account holders and providers.	Actor: AG, PSSC, T2S team Definition delivery date: 28 November 2012 (AG approval) Status: COMPLETE. The AG approved the PSSC's proposal on cash account numbers in T2S.	Actor: HSG, T2S team, ESCB Status: Survey with national central banks in spring 2013.	Actor: NCBs Target date: Implementation by migration to T2S (depending on wave). National central banks to be technically ready for testing by the start of bilateral interoperability testing (earliest start: October 2014).	
PRIORITY 2					
18 Law applicable/conflicts of law This issue refers to the law applicable to the creation of rights and transfers of securities.	To clearly determine a harmonised rule (compatible with the set-up of T2S) for the location of securities accounts in cross-border settlement, so as to mitigate legal risk for CSD link arrangements (particularly in T2S).	Actor: European Commission, EU legislators, ESMA Delivery date: depending on the possible future securities legislation in the EU Status: IN PROGRESS. This issue could potentially be dealt with in future EU legislation.	Actor: Pending potential EU legislation on securities law Status: Not yet initiated.	Actor: Pending potential EU legislation on securities law Target date: June 2015 (T2S launch)	The AG decided in November 2013 to propose re-prioritising this activity to priority 2, also in view of the removal of the related article from the CSDR. The TFAX report (2012) also includes proposals for further harmonisation of ownership rights creation during the settlement process.
19 Corporate actions market standards Industry-endorsed standards on processing corporate actions (on stock, i.e. settled balances). These standards form the basis for the T2S corporate actions standards.	T2S markets/CSDs to implement the corporate actions market standards (CAJWG standards).	Actor: BSG, E-MIG Delivery date: October 2009 Status: COMPLETE.	Actor: BSG, E-MIG Status: E-MIG biannual surveys.	Actors: CSDs, market participants Target date: From a T2S perspective, the target date for implementation is the migration to T2S (depending on wave). However, CSDs to be technically ready for testing by the start of bilateral interoperability testing (earliest start: October 2014).	



	Activity	Objective	Definition	Monitoring	Implementation	Comments
20	<p>Place of issuance Freedom to choose issuer CSD. There are restrictions (in national law or market rules) on the place of issuance of securities and consequently on the choice of infrastructures/service providers available to issuers. This has an impact on the competition environment in which T2S will operate.</p>	<p>To remove restrictions in the EU relating to the place of issuance of securities.</p>	<p>Actor: European Commission, EU legislators Delivery date: Q1 2014 (CSDR adoption) Status: IN PROGRESS. Provisions for the removal of this barrier are included in the proposed CSDR. The AG's letter to the Commission (June 2011) and the ECB opinion on the Commission proposal on CSDR (August 2012) supported this proposal.</p>	<p>Actor: Pending CSDR Status: Not yet initiated.</p>	<p>Actor: Pending CSDR Target date: June 2015 (T2S launch)</p>	
21	<p>Withholding tax procedures Giovannini barrier 11 National rules imposing on foreign intermediaries the use of a local fiscal agent to be granted withholding tax relief at source hamper the creation of a level playing field for domestic and foreign actors.</p>	<p>Withholding tax procedures should comply with the Commission's October 2009 Recommendation.</p>	<p>Actors: European Commission (T-BAG) Delivery date: Oct 2009 (European Commission's Recommendation), 2013 (T-BAG final report) Status: COMPLETE. T-BAG was mandated to follow up on the Commission's Recommendation and consider any other remaining fiscal barriers affecting the post-trade environment. The T-BAG's final report was published in May 2013.</p>	<p>Actors: European Commission (T-BAG) Status: Not yet initiated. The HSG is discussing a monitoring framework with the Commission and the EPTG</p>	<p>Actors: Member State authorities Target date: migration to T2S (depending on migration wave)</p>	

Activity	Objective	Definition	Monitoring	Implementation	Comments
<p>22</p> <p>Cross-border shareholder transparency and registration procedures</p> <p>There is no European model for enabling issuers to identify their owners in a cross-border (and T2S) holding.</p>	<p>To define a European model for the cross-border exchange of shareholder information.</p>	<p>Actors: T2S Task Force on Shareholder Transparency, SWIFT, ISO Maintenance Group, EPTG</p> <p>Delivery Date: March 2011 (Task Force proposal) – still to be endorsed by the AG and the industry. Standard pending the work of the EPTG.</p> <p>Status: IN PROGRESS.</p> <p>In March 2011 the majority of the AG approved the final proposals of the Task Force on Shareholder Transparency, but no formal endorsement was given.</p> <p>In August 2011 the ISO Maintenance Group approved the need for shareholder disclosure messages in ISO 20022. Since a sufficient business case was not put forward, no progress has been made.</p> <p>The proposal for legal harmonisation was shared with the European Commission. This topic has been included in the EPTG's list. An EPTG sub-structure has been set up to address the matter.</p>	<p>Actors: Pending outcome of the EPTG's work</p> <p>Status: Not yet initiated.</p>	<p>Actors: To be defined</p> <p>Target date: A centralised solution in T2S is not relevant for the T2S launch (it could be considered for the launch of T2S version 2).</p>	
<p>23</p> <p>Market access and interoperability</p> <p>Despite the adoption of the MiFID/Code of Conduct, there are, in practice, many protective national barriers in place, obligating (or restricting) the settlement of (stock exchange and/or central counterparty-cleared) transactions in a specific issuer CSD.</p>	<p>To establish the conditions for foreign actors to access the local market at all stages of the transaction chain (trading, clearing and settlement).</p>	<p>Actors: European Commission, EU legislators, ESMA</p> <p>Delivery date: Q1 2014 (CSDR adoption), level 2 legislation by ESMA</p> <p>Status: IN PROGRESS.</p> <p>CSDR/EMIR/MIFID all cover some high-level principles on market access.</p> <p>ESMA will work on level 2 legislation for all these initiatives.</p>	<p>Actors: Pending CSDR</p> <p>Status: Pending CSDR and technical standards.</p>	<p>Owing to the expected delay in CSDR adoption, the AG has assigned red status to the definition process for this activity.</p>	



Activity	Objective	Definition	Monitoring	Implementation	Comments
<p>24</p> <p>Securities amount data A few EU markets deviate from the EU standard market practice of using nominal value for debt instruments and units for equities. In T2S it will be possible to define only one option for the type of settlement amount data for each ISIN (either in units or nominal amount).</p>	<p>To ensure that all T2S markets are in line with EU standard practice (i.e. nominal value for debt instruments and units for non-debt instruments).</p>	<p>Actor: AG (T2S team, NUGs) Delivery date: September 2011 (AG decision) Status: COMPLETE.</p>	<p>Actors: NUGs, T2S team Status: A stock-taking exercise with the NUGs was conducted in the first quarter of 2012 and presented to the AG in March 2012. Compliance was monitored by the T2S team via the NUGs and as part of the CSD/central bank feasibility assessment process (SP2 and SP3). Monitoring continues in the context of the client readiness monitoring process (conducted by the T2S team on a quarterly basis).</p>	<p>Actors: National regulators Target date: Implementation by migration to T2S (depending on wave). CSDs to be technically ready for testing by the start of bilateral interoperability testing (earliest start: October 2014).</p>	

Annex 3: Harmonisation activities dashboard

Table 3 provides a high-level overview of the definition, monitoring and implementation status per T2S harmonisation activity. It is a summary of the T2S markets' results as shown in Table 4 (Annex 4). For example, the green status assigned to all T2S markets for activity 1 (T2S ISO 20022 messages) in Table 4 results in a green status overall for that activity in Table 3.

Table 3. Status update per T2S Harmonisation activity (status: 13/02/2014)

Activities – priority 1			Definition	Monitor	Compliance
1	T2S Messages	T2S ISO 20022 messages	G	G	G
2		T2S mandatory matching fields	G	G	G
3		Interaction for registration	G	G	G
4		Interaction for tax info	G	G	G
5		Interaction for CSD ancillary services	G	G	G
6	Schedule for the settlement day		G	G	G
7	T2S Corporate actions standards		G	G	R
8	Legal harmonisation	Settlement finality I (moment of entry)	R	X	X
9		Settlement finality II (irrevocability of transfer order)	G	G	G
10		Settlement finality III (irrevocability of transfers)	G	G	G
11		Outsourcing IT services	R	X	X
12	Settlement discipline regime		R	X	X
13	Settlement cycles		Y	X	X
14	CSD Account structures	Availability of Omnibus Accounts	G	G	B
15		Restrictions on Omnibus Accounts	G	G	G
16	T2S Accounts Numbering	Securities accounts numbering	G	G	G
17		Dedicated cash accounts numbering	G	G	G
Activities – priority 2			Definition	Monitor	Compliance
18	Legal harmonisation	Location of Securities Account/Conflicts of Law	R	X	X
19	Corporate actions market standards	CA market (CAJWG) standards	G	G	Y
20	Place of issuance		R	X	X
21	Tax procedures	Withholding tax procedures	G	R	X
22	Shareholder transparency - registration		R	X	X
23	Market access		R	X	X
24	Securities amount data		G	G	G



Comparison of progress in definition and monitoring between the third and fourth T2S harmonisation progress reports

Definition process

In the context of this fourth harmonisation progress report, the definition process has been completed for 67% of the activities (16 out of a total of 24) compared with 57% at the time of the third harmonisation progress report (15 out of a total of 26). Looking at the priority 1 activities, there are no additional activities for which the definition process has been completed since the publication of the third harmonisation progress report. The only additional activity for which the definition process has been completed since then is “withholding tax procedure”, which is a priority 2 activity.

Monitoring process

In the context of this fourth harmonisation progress report, the monitoring process has been established for 63% of activities (15 out of a total of 24 activities) compared with 38% (10 out of a total of 26 activities) at the time of the third harmonisation progress report. Looking at the priority 1 activities, 76% (13 out of the 17) of the activities are currently being monitored compared with 42% (8 out of 19) of the activities when the third harmonisation progress report was published.

Annex 4: Monitored harmonisation activities per market

A specific colour, based on a four-colour scheme, reflects the compliance status of each T2S market against the 15 T2S monitored activities in the fourth harmonisation progress report. The compliance status applies to the national market in general and not necessarily to the relevant CSD. However, there are markets where more than one CSD exists, each of which may have achieved a different level of compliance.

Colour	Description
BLUE	<p>The market has achieved full compliance with the harmonisation standard.</p> <p>c. For technical standards (e.g. T2S ISO 20022 messages), this means that the T2S market is already operating according to the standard.</p> <p>d. For regulatory/legal standards (e.g. T2S settlement finality rules), this means that the relevant regulation/legislation is already in place.</p> <p>Further monitoring of the T2S market is no longer required.</p>
GREEN	<p>1) There are changes still pending (technical, regulatory or legal) before the T2S market can achieve full compliance with the harmonisation standard, but no obstacles have been identified to achieving full compliance by the deadline.</p> <p><i>and</i></p> <p>2) The market has established a clear/detailed plan to implement the harmonisation standard and has publicly announced deadlines for full implementation.</p> <p>Further monitoring of the T2S market is required.</p>
YELLOW	<p>1) There are changes still pending (technical, regulatory or legal) before the T2S market can achieve full compliance with the given harmonisation standard, but obstacles have been identified which may threaten achievement of full compliance by the deadline.</p> <p><i>or</i></p> <p>2) The T2S market has issued a statement that it will implement the standard, but has not committed to concrete and publicly announced dates for implementation.</p> <p>Further monitoring of the T2S market is required.</p>
RED	<p>1) The T2S market has not provided any information on its level of compliance with the standard.</p> <p><i>or</i></p> <p>2) The T2S market has decided not to (fully) comply with the standard.</p> <p><i>or</i></p> <p>3) There are changes still pending (technical, regulatory or legal) before the T2S market can achieve full compliance with the harmonisation standard and obstacles have been identified that have stopped the implementation plan of the market and/or will prevent its full implementation by the deadline.</p> <p>Further monitoring of the T2S market is required.</p>



Table 4: Compliance Status per T2S Market (Status: 13/02/2014)

T2S Markets	Priority 1													Priority 2			
	1 T2S messages ISO 20022	2 Mandatory Matching fields	3 Interaction with T2S (Registration)	4 Interaction with T2S (Tax Procedure)	5 Interaction with T2S (CSD ancillary services)	6 Schedule for settlement day	7 T2S CA standards	9 T2S Settlement finality II	10 T2S Settlement Finality III	14 Availability of omnibus accounts	15 Restrictions on omnibus accounts	16 Securities account number	17 Cash account number	19 CA market standards (CAJWG)	24 Securities amount data		
AT	G	G	B	B	B	G	R	B	B	B	G	G	G	G	B		
BE – BNYM	G	G	G	G	G	G	G	G	B	B	G	G	G	Y	G		
BE Euroclear	G	G	B	B	B	G	G	G	B	B	G	G	G	G	B		
BE – NBB-SSS	G	G	B	B	B	G	G	G	G	B	G	G	G	G	B		
CH	G	G	B	B	B	Y	G	Y	B	B	G	NA	Y	Y	B		
DE	G	G	B	B	B	G	R	G	B	B	G	G	G	G	B		
DK	G	G	B	B	B	G	R	Y	B	B	G	G	G	G	B		
EE	G	G	B	B	B	G	G	G	B	B	G	G	Y	Y	B		
ES	G	G	G	B	B	G	Y	B	B	B	G	B	G	G	B		
FI	G	G	B	B	B	G	G	B	B	Y	G	G	Y	Y	Y		
FR	G	G	B	B	G	G	G	G	B	B	G	G	G	Y	B		
GR – BOGS	G	G	B	B	B	G	G	G	B	B	G	G	G	G	B		
HU	G	G	B	B	G	G	Y	G	B	B	G	NA	R	R	B		
IT	G	G	B	B	R	G	G	G	B	B	G	B	G	G	B		
LT	G	G	Y	B	B	G	Y	Y	B	B	G	G	R	R	B		
LU – LUX CSD	G	G	B	B	B	G	Y	B	B	B	G	G	Y	Y	B		
LU – VP LUX	G	G	B	B	B	G	R	B	B	B	G	G	Y	Y	B		
LV	G	G	B	B	B	G	Y	G	B	B	G	G	G	G	G		
MT	G	G	B	B	B	Y	G	B	B	B	G	G	Y	Y	B		
NL	G	G	B	B	B	G	G	G	B	B	G	G	G	G	B		
PT	G	G	B	B	G	G	G	G	B	Y	G	B	G	G	G		
RO	G	G	B	B	B	G	Y	B	B	B	G	G	G	Y	B		
SI	G	G	B	B	B	G	R	G	B	B	G	G	G	R	G		
SK	G	G	G	B	B	G	G	G	B	Y	G	G	G	R - No info	Y		
Summary 13/02/2014	Green: 24	Green: 24	Blue: 20 Green: 3 Yellow: 1	Blue: 23 Green: 1	Blue: 19 Green: 4 Red: 1	Green: 22 Yellow: 2	Green: 13 Yellow: 6 Red: 5	Blue: 13 Green: 9 Yellow: 2	Blue: 7 Green: 14 Yellow: 3	Blue: 24	Green: 24	Blue: 3 Green: 19	Blue: 3 Green: 19 Red: 4	Green: 11 Yellow: 9 Red: 4	Blue: 18 Green: 4 Yellow: 2		
Summary 19/03/2013	Green: 21 Yellow: 1	Green: 15 Yellow: 2 Red: 5	Green: NA Yellow: NA	Green: NA Yellow: NA	Green: NA Yellow: NA	Green: 13 Yellow: 8 Red: 1	Green: 5 Yellow: 8 Red: 9	Blue: 12 Green: 5 Yellow: 5	Blue: 3 Green: 14 Yellow: 5	Blue: 22	Green: NA Yellow: NA	Green: NA Yellow: NA	Green: NA Yellow: NA	Green: 8 Yellow: 4 Red: 10	Blue: 19 Green: 1 Red: 2		

Table 5: Compliance statistics for T2S markets (status: 13/02/2014)

	Third report		Fourth report	
	Priority 1	Priority 2	Priority 1	Priority 2
Blue	56	19	130	18
Green	73	9	157	15
Yellow	32	6	17	11
Red	15	10	6	4
N/A	0	0	2	0
Total	176	44	312	48

Table 6: Compliance status of T2S markets in the first migration wave (status: 13/02/2014)

T2S Markets	Priority 1													Priority 2	
	1 T2S messages ISO 20022	2 Mandatory Matching fields	3 Interaction with T2S (Registration)	4 Interaction with T2S (Tax Procedure)	5 Interaction with T2S (CSD ancillary services)	6 Schedule for settlement day	7 T2S CA standards	9 T2S Settlement finality II	10 T2S Settlement Finality III	14 Availability of omnibus accounts	15 Restrictions on omnibus accounts	16 Securities account number	17 Cash account number	19 CA market standards (CAJWG)	24 Securities amount data
CH	G	G	B	B	B	Y	G	Y	G	B	B	G	NA	Y	B
GR – BOGS	G	G	B	B	B	G	G	B	G	B	B	G	G	G	B
IT	G	G	B	B	R	G	G	B	G	B	B	G	B	G	B
MT	G	G	B	B	B	Y	G	B	B	B	B	G	G	Y	B
RO	G	G	B	B	B	G	Y	B	G	B	B	G	G	Y	B

Table 7: Compliance status of T2S markets in the second migration wave (status: 13/02/2014)

T2S Markets	Priority 1													Priority 2	
	1 T2S messages ISO 20022	2 Mandatory Matching fields	3 Interaction with T2S (Registration)	4 Interaction with T2S (Tax Procedure)	5 Interaction with T2S (CSD ancillary services)	6 Schedule for settlement day	7 T2S CA standards	9 T2S Settlement finality II	10 T2S Settlement Finality III	14 Availability of omnibus accounts	15 Restrictions on omnibus accounts	16 Securities account number	17 Cash account number	19 CA market standards (CAJWG)	24 Securities amount data
BE Euroclear	G	G	B	B	B	G	G	B	G	B	B	G	G	G	B
BE – NBB-SSS	G	G	B	B	B	G	G	G	G	B	B	G	G	G	B
FR	G	G	B	B	G	G	G	B	G	B	B	G	G	Y	B
NL	G	G	B	B	B	G	G	B	G	B	B	G	G	G	B
PT	G	G	B	B	G	G	G	G	G	B	Y	G	B	G	G

**Table 8: Compliance status of T2S markets in the third migration wave (status: 13/02/2014)**

T2S Markets	Priority 1													Priority 2	
	1 T2S messages ISO 20022	2 Mandatory Matching fields	3 Interaction with T2S (Registration)	4 Interaction with T2S (Tax Procedure)	5 Interaction with T2S (CSD ancillary services)	6 Schedule for settlement day	7 T2S CA standards	9 T2S Settlement finality II	10 T2S Settlement Finality III	14 Availability of omnibus accounts	15 Restrictions on omnibus accounts	16 Securities account number	17 Cash account number	19 CA market standards (CAJWG)	24 Securities amount data
AT	G	G	B	B	B	G	R	B	B	B	B	G	G	G	B
DE	G	G	B	B	B	G	R	G	G	B	B	G	G	G	B
DK	G	G	B	B	B	G	R	B	Y	B	B	G	G	G	B
HU	G	G	B	B	G	G	Y	G	G	B	B	G	NA	R	B
LU – LUX CSD	G	G	B	B	B	G	Y	G	B	B	B	G	G	Y	B
LU – VP LUX	G	G	B	B	B	G	R	B	B	B	B	G	G	Y	B

Table 9: Compliance status of T2S markets in the fourth migration wave (status: 13/02/2014)

T2S Markets	Priority 1													Priority 2	
	1 T2S messages ISO 20022	2 Mandatory Matching fields	3 Interaction with T2S (Registration)	4 Interaction with T2S (Tax Procedure)	5 Interaction with T2S (CSD ancillary services)	6 Schedule for settlement day	7 T2S CA standards	9 T2S Settlement finality II	10 T2S Settlement Finality III	14 Availability of omnibus accounts	15 Restrictions on omnibus accounts	16 Securities account number	17 Cash account number	19 CA market standards (CAJWG)	24 Securities amount data
BE – BNYM	G	G	G	G	G	G	G	G	B	B	B	G	G	Y	G
EE	G	G	B	B	B	G	G	B	G	B	B	G	G	Y	B
ES	G	G	G	B	B	G	Y	B	B	B	B	G	B	G	B
FI	G	G	B	B	B	G	G	B	B	B	Y	G	G	Y	Y
LT	G	G	Y	B	B	G	Y	Y	Y	B	B	G	G	R	B
LV	G	G	B	B	B	G	Y	G	Y	B	B	G	G	G	G
SI	G	G	B	B	B	G	R	G	G	B	B	G	G	R	G
SK	G	G	G	B	B	G	G	G	G	B	Y	G	G	R - No info	Y

Annex 4.1: T2S NUG implementation plans (Status: 13/02/2014)

Based on the AG's decision during its meeting held in November 2013 and also in line with the T2S Board's view on the T2S harmonisation standards compliance framework (10 December 2013)⁴⁹, T2S NUG chairpersons⁵⁰ have been asked to provide more information on implementation plans for achieving full compliance in time for priority 1 activities where the status is either red or yellow. The information gathered is presented below.

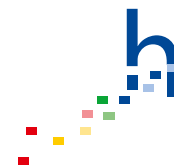
The tables below cover the T2S markets where there is at least one yellow or red compliance status for priority 1 standards, namely Austria, Switzerland, Germany, Denmark, Spain, Finland, Hungary, Italy, Lithuania, Luxembourg (LUX CSD and VP LUX), Latvia, Malta, Portugal, Romania, Slovenia and Slovakia.

AT NUG

Name of harmonisation activity	Compliance status (yellow or red) as per the draft of the fourth harmonisation progress report	Type of implementation gap	Description of implementation plan	Implementation actors (i.e. who is responsible for fully implementing the standard: CSD, central bank, legislator, regulator, NUG, issuer, etc.)	Agreed and public date by which the T2S market will fully comply with the standard	AG analysis
T2S corporate actions standards	RED	Technical	No implementation plan available	CSD/CCP, banks and issuers	No date available	Keep status red

CH NUG

Name of harmonisation activity	Compliance status (yellow or red) as per the draft of the fourth harmonisation progress report	Type of implementation gap	Description of implementation plan	Implementation actors (i.e. who is responsible for fully implementing the standard: CSD, central bank, legislator, regulator, NUG, issuer, etc.)	Agreed and public date by which the T2S market will fully comply with the standard	AG analysis
T2S schedule of settlement day	GREEN	Not available	SIS plans to operate as per its current schedule. Impact of T2S schedule is under internal analysis. SIS will have its own calendar but it will be operational on all T2S operating days.	CSD	No date available	Change status to yellow
Settlement Finality II	YELLOW	Regulatory	No plan available to implement regulatory change	CSD	June 2015	Keep status yellow

**DE NUG**

Name of harmonisation activity	Compliance status (yellow or red) as per the draft of the fourth harmonisation progress report	Type of implementation gap	Description of implementation plan	Implementation actors (i.e. who is responsible for fully implementing the standard: CSD, central bank, legislator, regulator, NUG, issuer, etc.)	Agreed and public date by which the T2S market will fully comply with the standard	AG analysis
T2S corporate actions standards	RED	Legislative	Legislative initiative stalled for the time being. No implementation plan available.	Legislators	No date available	Keep status red

DK NUG

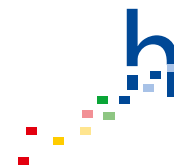
Name of harmonisation activity	Compliance status (yellow or red) as per the draft of the fourth harmonisation progress report	Type of implementation gap	Description of implementation plan	Implementation actors (i.e. who is responsible for fully implementing the standard: CSD, central bank, legislator, regulator, NUG, issuer, etc.)	Agreed and public date by which the T2S market will fully comply with the standard	AG analysis
T2S corporate actions standards	RED	Market practice	A solution that will ensure compliance with the CASG standards is well on the way to be specified, simultaneously with the detailed implementation plan.	VP and DK NUG	2016	Previous information on non-generation of market claim/transformation by the CSD has not been revised. No plan available. Keep status red .
Settlement Finality III	Yellow	Regulatory/legislative	Regulatory reform to ensure SF III has started and parliamentary approval is expected by the end of 2014.	Finanstilsynet (Danish Financial Supervisory Authority)	2016	Parliamentary approval pending. Keep status yellow .

ES NUG

Name of harmonisation activity	Compliance status (yellow or red) as per the draft of the fourth harmonisation progress report	Type of implementation gap	Description of implementation plan	Implementation actors (i.e. who is responsible for fully implementing the standard: CSD, central bank, legislator, regulator, NUG, issuer, etc.)	Agreed and public date by which the T2S market will fully comply with the standard	AG analysis
T2S corporate actions standards	YELLOW	Regulatory/legislative Implementation date is 6 February 2017.	Some adjustments to incorporate several aspects of the corporate actions standards in the regulatory framework are to be approved in 2014. Subsequent modifications in Iberclear's Rulebook and the relevant processes will follow. Some of the standards that are not fulfilled today by Iberclear will apply once the first phase of the reform is finalised (second half of 2015) and some others will apply at the time of migration.	Legislator/CSD	06/02/2017	Plan/dates for full implementation are provided, but legislative action (although planned) is still pending. Keep the status yellow .

FI NUG

Name of harmonisation activity	Compliance status (yellow or red) as per the draft of the fourth harmonisation progress report	Type of implementation gap	Description of implementation plan	Implementation actors (i.e. who is responsible for fully implementing the standard: CSD, NCB, Legislator, regulator, national user group, issuer etc.)	Implementation date. Agreed and public date for T2S market to fully comply with the standard.	AG analysis
Restrictions on omnibus accounts	YELLOW	Regulatory/legislative	The relevant Ministry has been mandated to analyse different options and their impact allowing the use of omnibus accounts also for Finnish entities for the holding of Finnish equities. However, the issue is highly political, hence it is difficult to predict whether such amendment will be finally approved.	National legislator	No date available	Discussions with the Ministry are ongoing, but no plan to introduce any changes is available. It is proposed that the status is kept yellow .



HU NUG

Name of harmonisation activity	Compliance status (yellow or red) as per the draft of the fourth harmonisation progress report	Type of implementation gap	Description of implementation plan	Implementation actors (i.e. who is responsible for fully implementing the standard: CSD, central bank, legislator, regulator, NUG, issuer, etc.)	Agreed and public date by which the T2S market will fully comply with the standard	AG analysis
T2S corporate actions standards	YELLOW	Regulatory/ legislative	KELER intends to implement technical changes during its system change project and to resolve any regulatory obstacles.	CSD, regulator, NUG	31/03/2016	Consultations with tax authorities on clarifying the withholding tax regime are scheduled to start in 2014. Keep status yellow .

IT NUG

Name of harmonisation activity	Compliance status (yellow or red) as per the draft of the fourth harmonisation progress report	Type of implementation gap	Description of implementation plan	Implementation actors (i.e. who is responsible for fully implementing the standard: CSD, central bank, legislator, regulator, NUG, issuer, etc.)	Agreed and public date by which the T2S market will fully comply with the standard	AG analysis
Interaction for CSD ancillary services	RED	Market practice	Portfolio transfer information is passed via settlement messages and there are no plans to phase out the practice.	Monte Titoli	No dates available	Keep status red

LT NUG

Name of harmonisation activity	Compliance status (yellow or red) as per the draft of the fourth harmonisation progress report	Type of implementation gap	Description of implementation plan	Implementation actors (i.e. who is responsible for fully implementing the standard: CSD, central bank, legislator, regulator, NUG, issuer, etc.)	Agreed and public date by which the T2S market will fully comply with the standard	AG analysis
Interaction with T2S (Registration)	YELLOW	Not available	Over-the-counter, free-of-payment/ DvP instructions may contain information about registration details.	Not available	Not available	It is not clear from the NUG's response whether registration details are passed using settlement messages. Keep status yellow .
T2S corporate actions standards	YELLOW	Technical/ market practice/ legal	The new CSD system will technically comply with T2S corporate actions standards as of the start of T2S bilateral interoperability testing.	LT CSD	16/11/2015	More information is required on the plan to tackle all the changes. Keep status yellow .
Settlement Finality II	YELLOW	Regulatory/ legislative	The rule for irrevocability of a transfer order will be included in the CSD rules. The introduction of the rule before migration to T2S is under consideration.	LT CSD	06/02/2017	No information on any legal/ regulatory barriers identified. Keep status yellow .
Settlement Finality III	YELLOW	Regulatory/ legislative	The settlement finality rule will be implemented by complying with the CSDR requirements. For that purpose, the CSD rules and other legal acts will be amended.	Central bank/LT CSD	06/02/2017	No information on any legal/ regulatory barriers identified. Keep status yellow .



LU NUG

CSD	Name of harmonisation activity	Compliance status (yellow or red) as per the draft of the fourth harmonisation progress report	Type of implementation gap	Description of implementation plan	Implementation actors (i.e. who is responsible for fully implementing the standard: CSD, central bank, legislator, regulator, NUG, issuer, etc.)	Agreed and public date by which the T2S market will fully comply with the standard	AG analysis
Lux CSD	T2S corporate actions standards	YELLOW	NO INFO PROVIDED				
VP Lux	T2S corporate actions standards	RED	Market practice	A solution that ensures compliance with the CASG standards has been identified. The detailed implementation plan is currently being analysed.	VP Lux	2016	The implementation plan is not available. There is no clarity as to whether the CSD will generate corporate actions on flows. Keep status red .

LV NUG

NO INFO PROVIDED

MT NUG

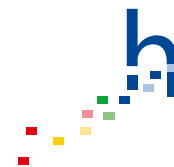
Name of harmonisation activity	Compliance status (yellow or red) as per the draft of the fourth harmonisation progress report	Type of implementation gap	Description of implementation plan	Implementation actors (i.e. who is responsible for fully implementing the standard: CSD, central bank, legislator, regulator, NUG, issuer, etc.)	Agreed and public date by which the T2S market will fully comply with the standard	AG analysis
T2S schedule of settlement day	YELLOW	Regulatory/legislative	Amendments to rules being drafted, to be followed by consultations with market participants and regulators.	CSD, regulator, market participants	30/06/2014	The outcome of the consultation process is not yet clear. Keep status yellow .

PT NUG

Name of harmonisation activity	Compliance status (yellow or red) as per the draft of the fourth harmonisation progress report	Type of implementation gap	Description of implementation plan	Implementation actors (i.e. who is responsible for fully implementing the standard: CSD, central bank, legislator, regulator, NUG, issuer, etc.)	Agreed and public date by which the T2S market will fully comply with the standard	AG analysis
Restrictions on omnibus accounts	YELLOW	Not available	Securities account segregation for the holdings of investment funds is a requirement of the Portuguese regulator for reporting purposes. This requirement is mandatory only for direct domestic participants of Interbolsa and, therefore, is not applicable to the securities held through links.	Interbolsa	28/03/2016	No change of plans. Keep status yellow.

RO NUG

Name of harmonisation activity	Compliance status (yellow or red) as per the draft of the fourth harmonisation progress report	Type of implementation gap	Description of implementation plan	Implementation actors (i.e. who is responsible for fully implementing the standard: CSD, central bank, legislator, regulator, NUG, issuer, etc.)	Agreed and public date by which the T2S market will fully comply with the standard	AG analysis
T2S corporate actions standards	YELLOW	Market practice/ regulatory/ legislative/technical	Depozitarul Central is continuing its discussions with the national authorities, in order to ensure a smooth implementation of the corporate actions standards. However, a firm confirmation for the plan from the regulatory authorities can only be provided at a later stage.	Depozitarul Central, regulators (Financial Supervisory Authority and central bank), NUG, Depozitarul Central's participants, issuers	22/06/2015	Pending confirmation of the implementation plan by the regulatory authorities. Keep status yellow.



SI NUG

Name of harmonisation activity	Compliance status (yellow or red) as per the draft of the fourth harmonisation progress report	Type of implementation gap	Description of implementation plan	Implementation actors (i.e. who is responsible for fully implementing the standard: CSD, central bank, legislator, regulator, NUG, issuer, etc.)	Agreed and public date by which the T2S market will fully comply with the standard	AG analysis
T2S corporate actions standards	RED	Regulatory/legislative	Stakeholders agreed in November 2013 that activities relating to the removal of legal barriers to the introduction of corporate action standards should continue on the basis of previous work. The Ministry of Finance is expected to provide its draft proposal of legal changes in January 2014, based on the proposal prepared by KDD in March 2013. The implementation date is 6 February 2017.	Securities Market Agency, KDD	06/02/2017	More information is required on the Ministry's draft proposal for legal changes as well as subsequent steps necessary. Keep status red .

SK NUG

Name of harmonisation activity	Compliance status (yellow or red) as per the draft of the fourth harmonisation progress report	Type of implementation gap	Description of implementation plan	Implementation actors (i.e. who is responsible for fully implementing the standard: CSD, central bank, legislator, regulator, NUG, issuer, etc.)	Agreed and public date by which the T2S market will fully comply with the standard	AG analysis
Restrictions on omnibus accounts	YELLOW	Regulatory/legislative	The CDCP is currently finalising a thorough and updated legal analysis regarding CDCP's adaptation to T2S. If the updated legal analysis identifies the necessity to make changes to the current legal environment, the issue will be discussed again at the upcoming NUG-SK meetings.	CSD	February 2017	The legal changes required to comply with the standard are still under discussion. Keep status yellow .

Annex 5: Detailed monitoring information per T2S market

T2S Harmonisation Activities: Austria						
Activity	Sub-activity	Compliance	Status	Type of Implementation Gap	Implementation Plan/Date	Further Comments
		Indicates level of compliance with the relevant standards/rules	Green (G), yellow (Y), red (R), blue (B)	If the standards/rules are not yet implemented, please specify what is the type of gap	<p>If standards/rules are not fulfilled, please provide the timetable and various milestones/dates in the implementation plan.</p> <p>Ready for T2S testing</p> <p>Fully operational according to the T2S standard</p>	<p>Relevant national actors for implementation</p>
Priority 1						
T2S messages	1. T2S ISO 20022 messages	Not compliant yet	G	Straight forward to implement	30.09.14	Info source: SP2, Q2 2013 Status gathering template and bilateral input. No barriers identified.
	2. T2S mandatory matching fields	Not compliant yet	G	Straight forward to implement	30.09.14	Info source: SP2, Q2 2013 Status gathering template and bilateral input. No barriers identified.
	3. Interaction for registration	Fully Compliant	B	N/A	N/A	Info source: HSG survey May 2013. Registration information is not transferred via settlement messages
	4. Interaction for tax info	Fully Compliant	B	N/A	N/A	Info source: HSG survey May 2013. Tax information is not transferred via settlement messages
	5. Interaction for CSD ancillary services	Fully Compliant	B	N/A	N/A	Info source: HSG survey May 2013. Portfolio transfer services in the market is not supported by OeKB.
6. T2S schedule of settlement day	Not compliant yet	G	Straight forward to implement	30.09.14	Info source: SP2, Q2, Q3 2013 Status gathering template and bilateral input. OeKB schedule will be adapted to T2S Schedule. Until migration weekend, September 2016, OeKB will use the old schedule.	
7. Corporate Actions T2S CA standards (59)	Market claims (28 standards)	7%				Info source: CASG gap analysis survey 2013, NUG Chairperson's response.
	Transformations (13 standards)	0%	R	Legislative change, major technical changes and market practice changes	No date available	Low rate of compliance and few details on implementation plan; market practice change required for introducing a Record Date in AT; legislative change needed to address the information flow between issuers/issuer agents and the AT CSD. No detailed plan available for compliance with standards
	Buyer protection (18 standards)	39%				
Legal Harmonisation	9. Settlement Finality II: Irrevocability and enforceability transfer order	Fully Compliant	B	N/A	N/A	Info source: T2S NUGs surveys 2011 and 2012, SP2 and bilateral discussions. Only bilateral cancellation are possible after matching status
	10. Settlement Finality III: Irrevocability of securities transfers.	Fully Compliant	B	N/A	N/A	Info source: SP2 and bilateral discussions. No need for any changes for compliance with T2S SF III rule
CSD account structures	14. Availability of omnibus accounts	Fully Compliant	B	N/A	N/A	Info source: 2013 HSG survey and bilateral input. Omnibus accounts availability exists.
	15. Restrictions on omnibus accounts	Fully Compliant	B	N/A	N/A	Info source: 2013 HSG survey and bilateral input. No restrictions on omnibus accounts.
T2S accounts numbering	16. Securities account numbering	Not compliant yet	G	Straight forward to implement	30.09.14	Info source: HSG survey on T2S Securities account numbering, April-May 2013 and 03.2013_CSD status gathering template
	17. Dedicated cash account numbering	Not compliant yet	G	Straight forward to implement	30.09.14	Info source: HSG survey on T2S DCA numbering, April-May 2013
Activity	Sub-activity	Compliance	Status	Type of Implementation Gap	Implementation Plan/Date	Further Comments
		Indicates level of compliance with the relevant standards/rules	Green (G), yellow (Y), red (R)	If the standards/rules are not yet implemented, please specify what is the type of gap (use the dropdown list).	<p>If standards/rules are not fulfilled, please provide the timetable and various milestones/dates in the implementation plan.</p> <p>Ready for T2S testing</p> <p>Fully operational according to the T2S standard</p>	<p>Relevant national actors for implementation</p>
Priority 2						
19. Corporate Actions	CA market standards (68)	75%	G	For some standards there is lack of IT budget for implementation. For some standards the IT analysis is pending	September 2014	Info source: BSG/E-MIG Survey (Jan 2014) 51 (out of 68) standards already met - 75% compliance
24. Securities amount static data		Fully Compliant	B	N/A	N/A	Info source: T2S NUGs survey and bilateral discussions. Full compliance with European market practice



T2S Harmonisation Activities: Belgium (Euroclear)							
Activity	Sub-activity	Compliance	Status	Type of Implementation Gap	Implementation Plan/Date		Further Comments
					If standards/rules are not fulfilled, please provide the timetable and various milestones/deadlines in the implementation plan.	Relevant national actors for implementation	
Priority 1							
T2S messages	1. T2S ISO 20022 messages	Not compliant yet	G	Straight forward to implement	02.10.14	28.03.16	Euroclear Info source: SP2, White Paper and bilateral discussions. Matching rules that will apply are those of the T2S platform. Full compliance for testing
	2. T2S mandatory matching fields	Not compliant yet	G	Straight forward to implement	02.10.14	28.03.16	Euroclear Info source: SP2, White Paper and bilateral discussions. Matching rules that will apply are those of the T2S platform. Full compliance for testing
	3. Interaction for registration	Fully Compliant	B	N/A	N/A	N/A	N/A
	4. Interaction for tax info	Fully Compliant	B	N/A	N/A	N/A	N/A
	5. Interaction for CSD ancillary services	Fully Compliant	B	N/A	N/A	N/A	N/A
6. T2S schedule of settlement day		Not compliant yet	G	Straight forward to implement	02.10.14	28.03.16	Euroclear Info source: SP2 and bilateral discussions and status gathering templates. The ESES operational day will be amended to cope with the timing of T2S. T2S accounting day will be considered the Master day.
7. Corporate Actions T2S CA standards (59)	Market claims (28 standards)	43%	G	Major technical change	September 2015	September 2015	BE-MIG Info source: 2013 CASG gap analysis survey. BE-MIG is active and good progress is being made, with plan and public dates in cooperation with other ESES markets. Some standards require a major technical change but none legislative change. Manual BP will be developed on bilateral basis
	Transformations (13 standards)	23%	G	Major technical change			
	Buyer protection (18 standards)	0%	G	Other			
Legal Harmonisation	9. Settlement Finality II: Irrevocability and enforceability transfer order	Fully Compliant	B	N/A	N/A	N/A	N/A
	10. Settlement Finality III: Irrevocability of securities transfers.	Not compliant yet	G	May require regulatory change	NA	28.03.16	Euroclear Info source: T2S NUGS surveys 2011 and 2012, SP2 and bilateral inputs. Terms and Conditions will be updated to implement SFII in T2S. This update will have to be presented and approved, where applicable, by the Belgian Regulator (national bank of Belgium). No barriers identified in this process.
CSD account structures	14. Availability of omnibus accounts	Fully Compliant	B	N/A	N/A	N/A	N/A
	15. Restrictions on omnibus accounts	Fully Compliant	B	N/A	N/A	N/A	N/A
T2S accounts numbering	16. Securities account numbering	Not Compliant yet	G	Straight forward to implement	02.10.14	28.03.16	Euroclear Info source: HSG survey on T2S Securities account numbering, May 2013. No barriers identified.
	17. Dedicated cash account numbering	Not compliant yet	G	Straight forward to implement	Q2 2014	July 2014	NBB Info source: HSG survey on T2S DCA numbering, April-May 2013.
Priority 2							
19. Corporate Actions	CA market standards (68)	72%	G	Market practice change	September 2015	Marz 2016	Not available Info source: BSG/E-MG Survey (Jan 2014). 49 (out of 68) standards already met - 72% compliance
	24. Securities amount static data	Fully Compliant	B	N/A	N/A	N/A	N/A

T2S Harmonisation Activities: Belgium (NBB-SSS)							
Activity	Sub-activity	Compliance	Status	Type of implementation Gap	Implementation Plan/Date		Further Comments
					If standards/rules are not fully implemented, please provide the timetable and various milestones/dates in the implementation plan.	Implementation Actor(s)	
Priority 1							
T2S messages	1. T2S ISO 20022 messages	Not compliant yet	G	Straight forward to implement	Q4 2014	Q4 2014	Info source: SP2 and bilateral discussions. NBB-SSS will fully comply with T2S ISO 20022 from phase 1 (Q4 2014) of their adaptation to T2S.
	2. T2S mandatory matching fields	Not compliant yet	G	Straight forward to implement	Q4 2014	Q4 2014	Info source: SP2 and bilateral discussions. No major issues with T2S matching fields. NBB-SSS will implement in Q4 2014 the T2S mandatory matching rules
	3. Interaction for registration	Fully Compliant	B	N/A	N/A	N/A	Info source: T2S NUG surveys 2013. Registration process is paper based. No need to include registration info in settlement messages.
	4. Interaction for tax info	Fully Compliant	B	N/A	N/A	N/A	Info source: T2S NUG surveys 2013. No additional information is requested in settlement messages for tax processing.
	5. Interaction for CSD ancillary services	Fully Compliant	B	N/A	N/A	N/A	Info source: T2S NUG surveys 2013. Portfolio transfer information is passed outside the CSD system.
6. T2S schedule of settlement day		Not compliant yet	G	Straight forward to implement	1.10.14	28.03.16	Info source: SP2, SP3 and bilateral discussions. NBB SSS will fully comply with the T2S Schedule, whatever the final timings agreed. However NBB SSS has raised concerns about the short time period between EoD and EoD.
7. Corporate Actions T2S CA standards (39)	Market claims (28 standards) Transformations (13 standards) Buyer protection (18 standards)	0% 0% 0%	G	Major technical change Major technical change Other	Apr.14	December 2014	Info source: CASG gap analysis survey 2013. No standards are met at the moment, but corporate action type and volume expected to be limited on NBB-SSS IBNs (government securities). Analysis for further actions to be completed in 2014. Compliance is ongoing but no updates are being provided. Introduction of new standards is in progress which should resolve inconsistency with the standards by December 2014.
Legal Harmonisation	9. Settlement Finality II: Irrevocability and enforceability transfer order	Not compliant yet	G	Not compliant yet but no regulatory change is required	N/A	Q4 2014	Info source: T2S NUGs surveys 2011 and 2012, SP2 and bilateral discussions. NBB-SSS plans to fully comply with SF II as of launch of their new platform (Q4 2014)
CSD account structures	10. Settlement Finality III: Irrevocability of securities transfers.	Not compliant yet	G	Not compliant yet but no regulatory change is required	N/A	Q2 2014	Info source: bilateral discussions. NBB-SSS confirmed that there is no need for regulatory change for achieving compliance with T2S SF II rule.
	14. Availability of omnibus accounts	Fully Compliant	B	N/A	N/A	N/A	Info source: T2S NUGs survey and bilateral discussions. NBB-SSS offers omnibus accounts.
	15. Restrictions on omnibus accounts	Fully Compliant	B	N/A	N/A	N/A	Info source: T2S NUGs survey and bilateral discussions. No restrictions on omnibus accounts usage.
T2S accounts numbering	16. Securities account numbering	Not compliant yet	G	Straight forward to implement	Jan.14	Dec.14	Info source: HSG survey on T2S Securities Account numbering, May 2013. NBB-SSS data model will be T2S compliant and go-live date for new account structure is Dec 2014.
Activity	17. Dedicated cash account numbering	Not compliant yet	G	Straight forward to implement	Q2 2014	Jul.14	Info source: HSG survey on T2S DCA numbering, April-May 2013.
	Sub-activity	Compliance	Status	Type of implementation Gap	Implementation Plan/Date		Further Comments
Priority 2							
19. Corporate Actions	CA market standards (44)	73%	G	Other	April 2014	December 2014	Info source: BSG/E-MG Survey (June 2013). 32 (out of 44) implemented - 73% compliance
24. Securities amount static data		Fully Compliant	B	N/A	N/A	N/A	Info source: T2S NUGs survey and bilateral discussions. NBB-SSS is in line with the European market practice.



T2S Harmonisation Activities: Belgium (BNYM)							
Activity	Sub-activity	Compliance	Status	Type of Implementation Gap	Implementation Plan/Date <small>If standards/rules are not fulfilled, please provide the timeline and various milestones/dates in the implementation plan.</small>	Implementation Actor(s)	Further Comments
Priority 1							
T2S messages	1. T2S ISO 20022 messages	Not compliant yet	G	Straight forward to implement	November 2015	BNYM CSD	Info source: BNYM CSD SP2 feasibility assessment. No barriers identified.
	2. T2S mandatory matching fields	Not compliant yet	G	Straight forward to implement	November 2015	BNYM CSD	Info source: BNYM CSD SP2 feasibility assessment. No barriers identified.
	3. Interaction for registration	Not compliant yet	G	Straight forward to implement	November 2015	BNYM CSD	Info source: Bilateral discussion. No technical, regulatory or legal barriers identified for full compliance by start of testing phase.
	4. Interaction for tax info	Not compliant yet	G	Major technical change	November 2015	BNYM CSD	Info source: Bilateral discussion. No legal or regulatory barriers identified.
	5. Interaction for CSD ancillary services	Not compliant yet	G	Major technical change	November 2015	BNYM CSD	Info source: Bilateral discussion. No legal or regulatory barriers identified.
6. T2S schedule of settlement day		Not compliant yet	G	Straight forward to implement	June 2015	BNYM CSD	Info source: BNYM CSD SP2 feasibility assessment. No barriers identified.
7. Corporate Actions T2S CA standards (59)	Market claims (28 standards)	25%		Major technical change			Info source: CASG gap analysis survey 2013. Implementation of standards will require mostly technical change. Some of the technical changes can be major. Already possesses capability for processing of Market Claims.
	Transformations (13 standards)	0%	G	Major technical change	November 2015	BNYM CSD	
	Buyer protection (18 standards)	33%		Major technical change			
Legal Harmonisation	9. Settlement Finality II: Irrevocability and enforceability transfer order	Not compliant yet	G	Straight forward to implement	November 2015	BNYM CSD	Info source: Bilateral discussion. Change to CSD rulebook required. NBB approval also required. No obstacles to this process foreseen or identified.
	10. Settlement Finality III: Irrevocability of securities transfers.	Fully Compliant	B	Compliant	N/A	N/A	Info source: Bilateral input. CSD Rules are already in line with T2S SF III rule.
	14. Availability of omnibus accounts	Fully Compliant	B	Compliant	N/A	N/A	Info source: Bilateral input. CSD Rules are already provide for omnibus accounts availability
CSD account structures	15. Restrictions on omnibus accounts	Fully Compliant	B	Compliant	N/A	N/A	Info source: Bilateral input. Current CSD Rules do not impose restrictions on omnibus accounts usage
	16. Securities account numbering	Not Compliant yet	G	Straight forward to implement	June 2015	BNYM CSD	Info source: BNYM SP2 feasibility assessment
T2S accounts numbering	17. Dedicated cash account numbering	Not compliant yet	G	Straight forward to implement	Q2 2014	NBB	Info source: HSG survey on T2S DCA numbering, April-May 2013.
	Activity	Compliance	Status	Type of Implementation Gap	Implementation Plan/Date <small>If standards/rules are not fulfilled, please provide the timeline and various milestones/dates in the implementation plan.</small>	Implementation Actor(s)	Further Comments
Priority 2							
19. Corporate Actions	CA market standards (68)	57%	Y	No info	November 2015	No info	Info source: BSG/E-MIG Survey (Jan 2014). 39(out of 68) standards already met - 57% compliance
24. Securities amount static data		OK	G	Other	November 2015	BNYM CSD	Info source: BNYM feasibility assessment report and bilateral discussion.

T2S Harmonisation Activities: Switzerland (SIX SIS)							
Activity	Sub-activity	Compliance	Status	Type of Implementation Gap	Implementation Plan/Date <small>If standards/rules are not fulfilled, please provide the timetable and various milestones/dates in the implementation plan.</small>	Implementation Accor(s)	Further Comments
		Indicates level of compliance with the relevant standards/rules	Green (G), yellow (Y), red (R), blue (B)	If the standards/rules are not yet implemented, please specify what is the type of gap	Ready for T2S testing	Relevant national actors for implementation	
Priority 1							
T2S messages	1 T2S ISO 20022 messages	Not compliant yet	G	Straight forward to implement	01.06.15	SIS	Info source: SF2 and bilateral discussions. SIS will send/receive messages to/from T2S in ISO 20022 XML message standards.
	2 T2S mandatory matching fields	Not compliant yet	G	Straight forward to implement	01.08.14	SIS	Info source: SF2 and bilateral discussions. SIX SIS will outsource matching to T2S for all transactions to be settled in T2S. T2S matching rules will apply. Stock Exchange transactions to be settled in T2S will be sent as pre-matched. At present these can only be cancelled by SE.
	3. Interaction for registration	Fully Compliant	B	N/A	N/A	N/A	Info source: T2S HSE surveys 2013. Settlement messages are not used for transmission of registration information
	4. Interaction for tax info	Fully Compliant	B	N/A	N/A	N/A	Info source: T2S HSE surveys 2013. T2S messages will not be used for passing on tax information
	5. Interaction for CSD ancillary services	Fully Compliant	B	N/A	N/A	N/A	Info source: T2S HSE surveys 2013. Portfolio transfer information is directly exchanged between custodians (no usage of T2S messages is required).
6. T2S schedule of settlement day		Not compliant yet	Y	Under investigation	Not available	SIS	Info source: SF2 and bilateral discussions and NUG response. SIS plans to operate as per its current schedule. Impact of T2S schedule is under internal analysis. SIS will have its own calendar but it will be operational on all days of operation of T2S.
7. Corporate Actions T2S CA standards (59)	Market claims (28 standards) Transformations (13 standards) Buyer protection (18 standards)	36% 8% 50%	G	Straight forward to implement Straight forward to implement Market practice change	01.06.15	CH-MG	Info source: CASG gap analysis survey 2013. All non-fulfilled standards deemed straightforward to implement; standards are strongly supported by the MG and NUG. Technical implementation of standards in SIS systems expected by 2nd half of 2014 and actual implementation is by June 2015
Legal Harmonisation	9. Settlement Finality II: irrevocability and enforceability transfer order	Not compliant yet	Y	Plan to adapt to T2S SF II rule	N/A	01.06.15 SIS	Info source: T2S NUGs surveys 2011 and 2012, SF2 and NUG Chairperson's response. OTC transactions can be unilaterally cancelled. Dates are provided but no update is available on the 'going away with the practice.'
	10. Settlement Finality III: irrevocability of securities transfers.	Not compliant yet	G	Change of CSD rules	N/A	01.06.15 SIS	Info source: HSE SF II survey. Straightforward change of CSD rules. CSD's General Terms and Conditions for Participants may have to be changed. No barriers have been identified by the NUG in this process.
CSD account structures	14. Availability of omnibus accounts	Fully Compliant	B	N/A	N/A	N/A	Info source: T2S NUGs survey and bilateral discussions. CSD omnibus account will be used by EuroCSD for cross-CSD
	15. Restrictions on omnibus accounts	Fully Compliant	B	N/A	N/A	N/A	Info source: T2S NUGs survey and bilateral discussions.
T2S accounts numbering	16. Securities account numbering	Not compliant yet	G	Straight forward to implement	01.08.14	SIS	Info source: April-May 2013 survey. SIS plans to open accounts in T2S for IS participants as per T2S standards
	17. Dedicated cash account numbering	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Swiss NCB offer DCAs services
Activity	Sub-activity	Compliance	Status	Type of Implementation Gap	Implementation Plan/Date <small>If standards/rules are not fulfilled, please provide the timetable and various milestones/dates in the implementation plan.</small>	Implementation Accor(s)	Further Comments
		Indicates level of compliance with the relevant standards/rules	Green (G), yellow (Y), red (R)	If the standards/rules are not yet implemented, please specify what is the type of gap (use the drop-down list).	Ready for T2S testing	Relevant national actors for implementation	
Priority 2							
19. Corporate Actions	CA market standards (68)	63%	Y	Straight forward to implement	Internally not finalized yet	SIS	Info source: BSG/E-MG Survey (Jun 2014). 43 (out of 68) standards already met – 63% compliance
24. Securities amount static data		Fully Compliant	B	N/A	N/A	N/A	Info source: T2S NUGs survey and bilateral discussions. No issue on Securities Amount Data



T2S Harmonisation Activities: Germany						
Activity	Sub-activity	Compliance	Status	Type of Implementation Gap	Implementation Plan/Date	Further Comments
		Indicates level of compliance with the relevant standards/rules	Green (G), yellow (Y), red (R), blue (B)	If the standards/rules are not yet implemented, please specify what is the type of gap	If standards/rules are not fulfilled, please provide the timetable and various milestones/dates in the implementation plan. Ready for T2S testing	Relevant national actors for implementation
Priority 1						
T2S messages	1. T2S ISO 20022 messages	Not compliant yet	G	Straight forward to implement	01.10.14 12.09.16	Info source: SP2 and bilateral discussions. Plans and dates for full compliance
	2. T2S mandatory matching fields	Not compliant yet	G		01.10.14	Info source: SP3 and bilateral discussions. Plans and dates for full compliance
	3. Interaction for registration	Fully Compliant	B	N/A	N/A	Info source: T2S HSG surveys 2013. Settlement messages are not used for transmission of registration information
	4. Interaction for tax info	Fully Compliant	B	N/A	N/A	Info source: T2S HSG surveys 2013. Settlement messages are not used for passing on transmission of tax information
	5. Interaction for CSD ancillary services	Fully Compliant	B	N/A	N/A	Info source: T2S HSG surveys 2013. Portfolio transfer done by FoP settlement messages but additional information transferred via separate application provided by Clearstream.
6. T2S schedule of settlement day	Not compliant yet	G	Change of market practice	01.10.14	12.09.16	Info source: SP2 and bilateral discussions. Plan and dates for full compliance with T2S Schedule. Minor operational issues relating to specific IBNs processes do not impact overall compliance.
7. Corporate Actions T2S CA standards (59)	Market claims (28 standards)	36%	R	Legislative change	Not available	Info source: CASG gap analysis survey 2013. Declining rate of compliance since last year. Legislative change is required for introducing a Record Date and for resolving tax issues with respect to market claims in German market. No dates for full implementation are available.
	Transformations (13 standards)	0%		Legislative change		
	Buyer protection (18 standards)	83%		Market practice change		
Legal Harmonisation	9. Settlement Finality II: Irrevocability and enforceability transfer order	Not compliant yet	G	Straight forward to implement	N/A	Info source: T2S NUGs surveys 2011 and 2012. SP2 and bilateral discussions. By the Clearstream migration date in T2S, the bilateral cancellation principle will have been introduced to the German market.
	10. Settlement Finality III: Irrevocability of securities transfers.	Not compliant yet	G	Straight forward to implement	N/A	Info source: Survey on T2S settlement finality rule III. Need for changes in the CSD rules. No barriers have been identified by NUG.
CSD account structures	14. Availability of omnibus accounts	Fully Compliant	B	N/A	N/A	Info source: T2S NUGs survey and bilateral discussions.
	15. Restrictions on omnibus accounts	Fully Compliant	B	N/A	N/A	Info source: T2S NUGs survey and bilateral discussions.
T2S accounts numbering	16. Securities account numbering	Not compliant yet	G	Straight forward to implement	01.10.14	Info source: HSG survey on T2S Securities account numbering, April May 2013
	17. Dedicated cash account numbering	Not compliant yet	G	Straight forward to implement	01.10.14	Info source: HSG survey on T2S DCA numbering, April-May 2013
Activity	Sub-activity	Compliance	Status	Type of Implementation Gap	Implementation Plan/Date	Further Comments
		Indicates level of compliance with the relevant standards/rules	Green (G), yellow (Y), red (R)	If the standards/rules are not yet implemented, please specify what is the type of gap (use the dropdown list).	If standards/rules are not fulfilled, please provide the timetable and various milestones/dates in the implementation plan. Ready for T2S testing	Relevant national actors for implementation
Priority 2						
19. Corporate Actions	CA market standards (68)	93%	G	Regulatory/legislative change	01.10.14 12.09.16	Info source: BSG/E-MIG Survey (Jan 2014). 68 (out of 68) standards already met = 93% compliance with regulatory standards. Further developments in the market infrastructure and IT developments by all market participants and on practicalities and respectively an agreement amongst the German market the standards can't be implemented in total or not in the technical and functional way as described by CASG
		Fully Compliant	B	N/A	N/A	Info source: T2S NUGs survey and bilateral discussions.
24. Securities amount static data		Fully Compliant	B	N/A	N/A	

T2S Harmonisation Activities: Denmark						
Activity	Sub-activity	Compliance	Status	Type of Implementation Gap	Implementation Plan/Date	Further Comments
		Indicates level of compliance with the relevant standards/rules	Green (G), yellow (Y), red (R), blue (B)	If the standards/rules are not yet implemented, please specify what is the type of gap	If standards/rules are not fulfilled, please provide the timetable and various milestones/dates in the implementation plan. Fully operational according to the T2S standard	Relevant national actors for implementation
Priority 1						
T2S messages						
	1. T2S ISO 20022 messages	Not compliant yet	G	Straight forward to implement	July 2014 September 2016	Info source: SP2 and bilateral discussions. VP is planning to use standards specified in the T2S ISO 20022 information management services of the UDFS
	2. T2S mandatory matching fields	Not compliant yet	G	Straight forward to implement	July 2014	Info source: SP2 and bilateral discussions.
	3. Interaction for registration	Fully Compliant	B	N/A	N/A	N/A
	4. Interaction for tax info	Fully Compliant	B	N/A	N/A	Info source: T2S HSG surveys 2013. The information is directly associated with the account hence no need to transfer the details in settlement message
	5. Interaction for CSD ancillary services	Fully Compliant	B	N/A	N/A	Info source: T2S HSG surveys 2013. Portfolio transfer is done by FOP instructions
6. T2S schedule of settlement day		Not compliant yet	G	technical change/market practice	July 2014	Info source: T2S HSG surveys 2013. Registration information is not part of the settlement instruction
7. Corporate Actions T2S CA standards (59)	Market claims (28 standards)	0%	R	Major technical change		Info source: CASG gap analysis survey 2013 and NUG Chairperson's response.
	Transformations (13 standards)	0%	R	Major technical change		No standards are currently met and the exact implementation plan has yet to be specified. Furthermore, the process to implement the standards has not been initiated. No clearly defined implementation plan (given earlier decision on non-generation of market claims)
	Buyer protection (19 standards)	0%	R	Major technical change	12.03.2014; 12.03.2014; 12.03.2014	Info source: T2S HSG surveys 2011 and 2012; SP2 and bilateral discussions. Full compliance with T2S SE II rule
Legal Harmonisation	9. Settlement Finality II: Irrevocability and enforceability transfer order	Fully Compliant	B	N/A	N/A	Info source: T2S HSG surveys 2011 and 2012; SP2 and bilateral discussions. Full compliance with T2S SE II rule
	10. Settlement Finality III: Irrevocability of securities transfers.	Not compliant yet	Y	CSD rule/Regulatory/Legislative approval	N/A 01.09.16	Info source: T2S HSG surveys 2011 and 2012; SP2 and bilateral discussions. Two new provisions in the VP-SECURITES Clearing Rules will ensure that settlement in T2S will be unconditional, irrevocable and enforceable under Danish law. Necessary amendments to be approved by Parliament by end of 2014.
CSD account structures	14. Availability of omnibus accounts	Fully Compliant	B	N/A	N/A	Info source: T2S NUGS survey and bilateral discussions.
	15. Restrictions on omnibus accounts	Fully Compliant	B	N/A	N/A	Info source: T2S NUGS survey and bilateral discussions.
T2S accounts numbering	16. Securities account numbering	Not compliant yet	G	Straight forward to implement	July 2014	Info source: HSG survey on T2S Securities account numbering, April-May 2013. Only system changes are required.
	17. Dedicated cash account numbering	Not compliant yet	G	System changes	01.10.14 01.06.15	Info source: HSG survey on T2S DCA numbering, April-May 2013. T2S standard will be adopted into the current system and future system. Roadmapping will be done in June
Activity	Sub-activity	Compliance	Status	Type of Implementation Gap	Implementation Plan/Date	Further Comments
		Indicates level of compliance with the relevant standards/rules	Green (G), yellow (Y), red (R), blue (B)	If the standards/rules are not yet implemented, please specify what is the type of gap (use the dropdown list).	If standards/rules are not fulfilled, please provide the timetable and various milestones/dates in the implementation plan. Fully operational according to the T2S standard	Relevant national actors for implementation
Priority 2						
19. Corporate Actions	CA market standards (68)	78%	G	Market Practice Change	July 2014	Info source: BSG/E-MIG Survey (Jan 2014). 53 (out of 68) standards already met - 78% compliance
24. Securities amount static data		Fully Compliant	B	N/A	N/A	Info source: T2S NUGS survey and bilateral discussions.



T2S Harmonisation Activities: Estonia						
Activity	Sub-activity	Compliance	Status	Type of Implementation Gap	Implementation Plan/Date	Further Comments
		Indicates level of compliance with the relevant standards/rules	Green (G), yellow (Y), red (R), blue (B)	If the standards/rules are not yet implemented, please specify what is the type of gap	If standards/rules are not fully implemented, please provide the timetable and various milestones/dates in the implementation plan. Fully operational according to the T2S standard	Relevant national actors for implementation
Priority 1						
T2S messages	1. T2S ISO 20022 messages	Not compliant yet	G	Straight forward to implement	16.11.15 06.02.17	Info source: SP2 and bilateral discussions. 2013 Q2 status gathering template. Plans for full compliance confirmed and no issues identified
	2. T2S mandatory matching fields	Not compliant yet	G	Straight forward to implement	16.11.15 06.02.17	Info source: SP2 and bilateral discussions. 2013 Q2 status gathering template. Plans for full compliance confirmed and no issues identified
	3. Interaction for registration	Fully Compliant	B	N/A	N/A	Info source: T2S HSG surveys 2013. Estonia is a direct holding market. Settlement and Registration are done based on owner information associated with security account number and settlement messages do not contain registration information. The settlement and registration takes place at the same time.
	4. Interaction for tax info	Fully Compliant	B	N/A	N/A	Info source: T2S HSG surveys 2013. Settlement messages are not used to pass on tax related information
	5. Interaction for CSD ancillary services	Fully Compliant	B	N/A	N/A	Info source: T2S HSG surveys 2013. Portfolio transfer is done separately from settlement instructions. Portfolio transfer is executed in T2S as ordinary FOP transfers.
6. T2S schedule of settlement day	Not compliant yet	G	Straight forward to implement	16.11.15 06.02.17	Info source: SP2 and bilateral discussions. 2013 Q2 status gathering template. Plans for full compliance confirmed and no issues identified	
7. Corporate Actions T2S CA standards (59)	Market claims (28 standards)	43%	G	Technical, market practice and CSD rules	16.11.15	Info source: CASG gap analysis survey 2013. No changes in primary legislation is identified, only changes to CSD rules are required. Technical implementation of standards in test system by T2S testing and amendment to rules of CSD expected by Q1 2017. Full compliance is expected by migration to T2S
	Transformations (13 standards)	15%	G		16.11.15	
	Buyer protection (18 standards)	0%	G		16.11.15	
Legal Harmonisation	9. Settlement Finality II: Irrevocability and entoresability transfer order	Fully Compliant	B	N/A	N/A	Info source: T2S NUGs surveys 2011 and 2012. SP2 and bilateral discussions. The local settlement system supports the same cancellation principles as T2S. Matched instruction demands cancellation instructions from both counterparties.
	10. Settlement Finality III: Irrevocability of securities transfers.	not compliant yet	G	CSD rules change	16.11.15	Info source: T2S NUGs surveys 2011 and 2012. SP2, HSG 2013 Survey on SF III. The ECSD SSS Rules are planned to be updated allowing for the full recognition of the unconditional, irrevocability and enforceability of the settlement processed on the T2S platform (instead of the ECSD system) and the relevant amendments to be enforced as of T2S implementation. Plans for full compliance confirmed and no issues identified
CSD account structures	14. Availability of omnibus accounts	Fully Compliant	B	N/A	N/A	Info source: T2S NUGs survey and bilateral discussions.
	15. Restrictions on omnibus accounts	Fully Compliant	B	N/A	N/A	Info source: T2S NUGs survey and bilateral discussions.
T2S accounts numbering	16. Securities account numbering	Not compliant	G	Straightforward to implement	16.11.15	Info source: HSG survey on T2S Securities account numbering. April-May 2013. T2S standard will be implemented by the start of T2S testing
	17. Dedicated cash account numbering	Not compliant	G	Straightforward to implement	01.10.14 06.02.17	Info source: HSG survey on T2S DCA numbering. April-May 2013
Activity		Indicates level of compliance with the relevant standards/rules	Green (G), yellow (Y), red (R)	Type of Implementation Gap	Implementation Plan/Date	Further Comments
				If the standards/rules are not yet implemented, please specify what is the type of gap (use the dropdown list).	If standards/rules are not fully implemented, please provide the timetable and various milestones/dates in the implementation plan. Fully operational according to the T2S standard	Relevant national actors for implementation
Priority 2						
19. Corporate Actions	CA market standards (66)	50%	Y	Market Practice Change	16.11.15	Info source: BSG/E-MIG Survey (Jan 2014). 34 (out of 68) standards already met - 50% compliance
	24. Securities amount static data	Fully Compliant	B	N/A	N/A	Info source: T2S NUGs survey and bilateral discussions.

T2S Harmonisation Activities: Spain (IBERCLEAR)						
Activity	Sub-activity	Compliance	Status	Type of Implementation Gap	Implementation Plan/Date	Further Comments
		Indicates level of compliance with the relevant standards/rules	Green (G), yellow (Y), red (R), blue (B)	If the standards/rules are not yet implemented, please specify what is the type of gap	If standards/rules are not fulfilled, please provide the timetable and various milestones/dates in the Implementation Plan. Fully operational according to the T2S standard	Relevant national actors for implementation
Priority 1						
T2S messages	1. T2S ISO 20022 messages	Not compliant yet	G	Straight forward to implement	30.03.15	iberclear Info source: SP2 and bilateral discussions. Plans/dates for full compliance confirmed and no issues identified
	2. T2S mandatory matching fields	Not compliant yet	G	Straight forward to implement	30.03.15	iberclear Info source: SP2 and bilateral discussions. Plans/dates for full compliance confirmed and no issues identified
	3. Interaction for registration	Not compliant yet	G	Straight forward to implement	Not available	iberclear Info source: T2S HSG surveys 2013. Specific procedure for exchanging registration information is to be developed. Post reform, settlement instructions will not be used for passing registration information
	4. Interaction for tax info	Fully Compliant	B	N/A	N/A	N/A Info source: T2S HSG surveys 2013. Settlement messages are not used to transfer tax information
	5. Interaction for CSD ancillary services	Fully Compliant	B	N/A	N/A	N/A Info source: T2S HSG surveys 2013. Portfolio transfer information is exchanged outside IBERCLEAR
6. T2S schedule of settlement day	Not compliant yet	G	Straight forward to implement	Q1 2016	06.02.17	iberclear Info source: SP2 and bilateral discussions. Plans/dates for full compliance confirmed and no issues identified
7. Corporate Actions T2S CA standards (59)	Market claims (28 standards)	46%	Y	Low rank legislative change/ Technical changes		Info source: CASG gap analysis survey 2013 and NUG Chairperson's response. Plan/dates for full implementation are provided but legislative action (although planned) is still pending.
	Transformations (13 standards)	46%	Y	Major technical change	Q1 2016	Legislator/ IBERCLEAR
	Buyer protection (18 standards)	0%	Y	Manual BP to be implemented		
Legal Harmonisation	9. Settlement Finality II: Irrevocability and enforceability transfer order.	Fully Compliant	B	N/A	N/A	N/A Info source: T2S NUGS surveys 2011 and 2012. SP2 and bilateral discussions.
	10. Settlement Finality III: Irrevocability of securities transfers.	Fully Compliant	B	N/A	N/A	N/A Info source: SP2 and bilateral discussions. No need for any changes for compliance with T2S SF III rule
CSD account structures	14. Availability of omnibus accounts	Fully Compliant	B	N/A	N/A	N/A Info source: T2S NUGS survey and bilateral discussions.
	15. Restrictions on omnibus accounts	Fully Compliant	B	N/A	N/A	N/A Info source: T2S NUGS survey and bilateral discussions.
T2S accounts numbering	16. Securities account numbering	Not compliant yet	G	Straight forward to implement	Q2 2015	iberclear Info source: HSG survey on T2S Securities account numbering. April-May 2013. Implementation of the standard is as part of adaptation to the new platform
	17. Dedicated cash account numbering	Fully Compliant	B	N/A	N/A	N/A Info source: HSG survey on T2S DCA numbering. April-May 2013
Activity	Sub-activity	Compliance	Status	Type of Implementation Gap	Implementation Plan/Date	Further Comments
		Indicates level of compliance with the relevant standards/rules	Green (G), yellow (Y), red (R)	If the standards/rules are not yet implemented, please specify what is the type of gap (use the dropdown list).	If standards/rules are not fulfilled, please provide the timetable and various milestones/dates in the Implementation Plan. Fully operational according to the T2S standard	Relevant national actors for implementation
Priority 2						
19. Corporate Actions	CA market standards (68)	72%	G	Other	Q1 2016 (at the latest)	02 2016 Info source: BSS2E-MIG Survey (Jan 2014) 49 (out of 68) standards already met - 72% compliance.
24. Securities amount static data		Fully Compliant	B	N/A	N/A	N/A Info source: T2S NUGS survey and bilateral discussions.



T2S Harmonisation Activities: Finland						
Activity	Sub-activity	Compliance	Status	Type of Implementation Gap	Implementation Plan/Date	Implementation Actor(s)
		Indicates level of compliance with the relevant standards/rules	Green (G), yellow (Y), red (R), blue (B)	If the standards/rules are not yet implemented, please specify what is the type of gap	If standards/rules are not fulfilled, please provide the timeline and various milestones/dates in the implementation plan. Fully operational according to the T2S standard	Relevant national actors for implementation
Priority 1						
T2S messages	1. T2S ISO 20022 messages	Not compliant yet	G	Straight forward to implement	bond and money market instruments 3.11.2014 other instruments Q4/2015	Euroclear FI
	2. T2S mandatory matching fields	Not compliant yet	G	regulatory/legal	bond and money market instruments 3.11.2014 other instruments Q4/2015	Euroclear FI
	3. Interaction for registration	Fully Compliant	B	N/A	N/A	N/A
	4. Interaction for tax info	Fully Compliant	B	N/A	N/A	N/A
	5. Interaction for CSD ancillary services	Fully Compliant	B	N/A	N/A	N/A
6. T2S schedule of settlement day	Not compliant yet	G	Needs Clarification	Q4/2015 or when Finland joins T2S in the wave 4.	Euroclear FI	
7. Corporate Actions T2S CA standards (59)	Market claims (28 standards)	0%		Legislative changes		
	Transformations (13 standards)	0%		Major technical change/ Market practice change		
	Buyer protection (18 standards)	0%		Straight forward to implement	bond and money market instruments 3.11.2014 other instruments Q4/2015	MIG and Euroclear FI
Legal Harmonisation	9. Settlement Finality II: Irrevocability and enforceability transfer order	Fully Compliant	B	N/A	N/A	N/A
	10. Settlement Finality III: Irrevocability of securities transfers.	Fully Compliant	B	N/A	N/A	N/A
CSD account structures	14. Availability of omnibus accounts	Fully Compliant	B	N/A	N/A	N/A
	15. Restrictions on omnibus accounts	Not compliant yet	Y	Legal/regulatory	Not available	National legislator
	16. Securities account numbering	Not compliant yet	G	Straight forward to implement	03.11.14	Euroclear FI
T2S accounts numbering	17. Dedicated cash account numbering	Not compliant yet	G	Straight forward to implement	31.08.14	Bank of Finland
	Activity	Indicates level of compliance with the relevant standards/rules	Green (G), yellow (Y), red (R)	If the standards/rules are not yet implemented, please specify what is the type of gap (use the dropdown list).	Implementation Plan/Date Implementation Plan/Date Fully operational according to the T2S standard	Implementation Actor(s) Relevant national actors for implementation
Priority 2						
19. Corporate Actions	CA market standards (66)	59%	Y	No major barriers identified	31.12.15	Euroclear FI
24. Securities amount static data		Not compliant yet	Y	Legislative change	bond and money market instruments 3.11.2014 other instruments Q4/2015	National Legislator

T2S Harmonisation Activities: France						
Activity	Sub-activity	Compliance	Status	Type of implementation Gap	Implementation Plan/Date	Further Comments
		Indicates level of compliance with the relevant standards/rules	Green (G), yellow (Y), red (R), blue (B)	If the standards/rules are not yet implemented, please specify what is the type of gap	<p>If standards/rules are not yet implemented, please provide the timetable and various milestones dates in the implementation plan.</p> <p>Ready for T2S testing</p>	Relevant national actions for implementation
Priority 1						
T2S messages	1. T2S ISO 20022 messages	Not compliant yet	G	Straight forward to implement	02.10.14	Info source: SP2 and bilateral discussions Plan and dates for full compliance
	2. T2S mandatory matching fields	Not compliant yet	G	Straight forward to implement	28.03.16	Info source: SP2 and bilateral discussions Plan and dates for full compliance
	3. Interaction for registration	Fully Compliant	B	N/A	N/A	Info source: T2S HSS surveys 2013. Settlement messages are not used for registration process.
	4. Interaction for tax info	Fully Compliant	B	N/A	N/A	Info source: T2S HSS surveys 2013. Settlement messages are not used for sending tax related information.
	5. Interaction for CSD ancillary services	Not compliant yet	G	Market practice	28.03.16	Info source: T2S HSS surveys 2013. Market practice change is required. Implementation date provided (No testing/readiness date).
6. T2S schedule of settlement day		Not compliant yet	G	Straight forward to implement	02.10.14	Info source: SP2 and bilateral discussions The ESES operational day will be amended to cope with the timing of T2S. T2S accounting day will be considered the Master day. General concern on the time period between T2S End of day and Start of Day.
7. Corporate Actions T2S CA standards (59)	Market claims (28 standards)	43%		Major technical change		Info source: CASG gap analysis survey 2013. Good compliance reported. MIG is active and good progress is being made, in cooperation with other ESSES markets; some standards would require major technical changes but none requires legislative change. Manual BP.
	Transformations (13 standards)	23%		Major technical change	Septembre 2015	
	Buyer protection (18 standards)	0%		Other		
Legal Harmonisation	9. Settlement Finality II: Irrevocability and enforceability transfer order	Fully Compliant	B	N/A	N/A	Info source: T2S NUGS surveys 2011 and 2012. SP2 and bilateral discussions. EoC already complies with T2S SFII rule (bilateral)
	10. Settlement Finality III: Irrevocability of securities transfers.	Not compliant yet	G	CSD rules change	28.03.16	Info source: T2S NUGS surveys 2011 and 2012. SP2 and bilateral discussions. Straight forward to implement. Euroclear France will update its operating rules according to the T2S SF III rule and have them approved by the French financial markets authority. No barriers are identified.
12. Settlement Discipline Regime						
13. Settlement Cycles						
CSD account structures	14. Availability of omnibus accounts	Fully Compliant	B	N/A	N/A	Info source: T2S NUGS survey and bilateral discussions. Full compliance with omnibus account availability in France
	15. Restrictions on omnibus accounts	Fully Compliant	B	N/A	N/A	Info source: T2S NUGS survey and bilateral discussions. No omnibus accounts restrictions in France.
T2S accounts numbering	16. Securities account numbering	Not compliant yet	G	Straightforward to Implement	02.10.14	Info source: HSS survey on T2S Securities account numbering. April-May 2013
	17. Dedicated cash account numbering	Not compliant yet	G	Market Practice Change	July 2014	Info source: HSS survey on T2S DCA numbering. April-May 2013.
Activity	Sub-activity	Compliance	Status	Type of implementation Gap	Implementation Plan/Date	Further Comments
		Indicates level of compliance with the relevant standards/rules	Green (G), yellow (Y), red (R)	If the standards/rules are not yet implemented, please specify what is the type of gap (use the dropdown list).	<p>If standards/rules are not yet implemented, please provide the timetable and various milestones dates in the implementation plan.</p> <p>Ready for T2S testing</p>	Relevant national actions for implementation
Priority 2						
19. Corporate Actions	CA market standards (68)	63%	Y	Major technical change	September 2015	Info source: BSS/E-MIG Survey (Jan 2014). 43 (out of 68) standards already met - 63% compliance
24. Securities amount static data		Fully Compliant	B	N/A	N/A	Info source: T2S NUGS survey and bilateral discussions. Fully compliant with European market practice



T2S Harmonisation Activities: Greece (BOGS)							
Activity	Sub-activity	Compliance	Status	Type of Implementation Gap	Implementation Plan/Date		Further Comments
					If standards/rules are not sufficient, please provide the timetable and various milestones/dates in the implementation plan.	Fully operational according to the T2S standard	
Priority 1							
T2S messages	1. T2S ISO 20022 messages	Not compliant yet	G	technical change	30.06.14	22.06.15	Info source: SP2 and bilateral discussions. Plan and dates for full compliance are provided.
	2. T2S mandatory matching fields	Not compliant yet	G	technical change	30.06.14	22.06.15	Info source: SP2 and bilateral discussions. BOGS will outsource its matching function to T2S
	3. Interaction for registration	Fully Compliant	B	N/A	N/A	N/A	Info source: T2S HSG surveys 2013. Registration info is not required for securities issued and settled in BOGS.
	4. Interaction for tax info	Fully Compliant	B	N/A	N/A	N/A	Info source: T2S HSG surveys 2013. Settlement messages are not used to pass tax information.
	5. Interaction for CSD ancillary services	Fully Compliant	B	N/A	N/A	N/A	Info source: T2S HSG surveys 2013. Portfolio transfer instructions are through FOP instructions and no additional information is required in settlement messages.
6. T2S schedule of settlement day		Not compliant yet	G	Other	30.06.14	22.06.15	Info source: SP2 and bilateral discussions and NUG Chairperson's response. Plans and dates for full compliance and testing readiness are provided.
7. Corporate Actions	Market claims (28 standards)	43%		Other			Info source: CASG gap analysis survey 2013
	Transformations (13 standards)	0%		Other			Corporate action types and volumes expected to be limited. Implementation is progressing according to schedule and no issues have been identified. BOGS has committed to comply with the standards from a technical perspective by Q1 2014 and to change its rules by end 2014.
	Buyer protection (18 standards)	0%	G	Other	30.06.14	22.06.15	BOGS for MGS and TRANS GR-NUG for BP
Legal Harmonisation	9. Settlement Finality II: Irrevocability and enforceability transfer order	Fully Compliant	B	N/A	N/A	N/A	Info source: T2S NUGs surveys 2011 and 2012, SP2 and bilateral discussions. Full compliance with T2S SP II rule
	10. Settlement Finality III: Irrevocability of securities transfers.	Not compliant yet	G	Change in the CSD rules	N/A	01.06.15	Info source: T2S NUGs surveys 2011 and 2012, SP2, bilateral discussions, Q3 status gathering template. No issues identified with approval of CSD rules change
CSD account structures	14. Availability of omnibus accounts	Fully Compliant	B	N/A	N/A	N/A	Info source: T2S NUGs survey and bilateral discussions. No issues identified with approval of CSD rules change
	15. Restrictions on omnibus accounts	Fully Compliant	B	N/A	N/A	N/A	Info source: T2S NUGs survey and bilateral discussions. No restrictions on omnibus accounts usage.
T2S accounts numbering	16. Securities account numbering	Not Compliant yet	G	No legal or regulatory barrier exists for implementation.	30.06.14	22.06.15	Info source: HSG survey on T2S Securities Account numbering, April-May 2013
	17. Dedicated cash account numbering	Not Compliant yet	G	technical changes	30.06.14	22.06.15	Info source: HSG survey on T2S DCA numbering, April-May 2013
Activity	Sub-activity	Compliance	Status	Type of Implementation Gap	Implementation Plan/Date		Further Comments
		Indicates level of compliance with the relevant standards/rules	Green (G), yellow (Y), red (R)	If the standards/rules are not yet implemented, please specify what is the type of gap (use the dropdown list).	If standards/rules are not sufficient, please provide the timetable and various milestones/dates in the implementation plan.	Fully operational according to the T2S standard	
Priority 2							
19. Corporate Actions	CA market standards (38)	74%	G	Other	30.06.14	22.06.15	Info source: BSC/E-MG Survey (June 2013), 28 (out of 38) standards already met - 74% compliance
		Fully Compliant	B	N/A	N/A	N/A	Info source: T2S NUGs survey and bilateral discussions. No issue.
24. Securities amount static data		Fully Compliant	B	N/A	N/A	N/A	

T2S Harmonisation Activities: Hungary									
Activity	Sub-activity	Compliance	Status	Type of Implementation Gap	Implementation Plan/Date		Implementation Actor(s)	Further Comments	
					If standards/rules are not fulfilled, please provide the timetable and various milestones/dates in the implementation plan.	fully operational according to the T2S standard			
Priority 1									
T2S messages	1. T2S BO 20022 messages	Not compliant yet	G	Straight forward to implement	01.03.15	12.09.16	KELER	Info source: SP2 and bilateral discussions. Full plan and implementation dates are provided	
	2. T2S mandatory matching fields	Not compliant yet	G	Straight forward to implement	01.03.15	12.09.16	KELER	Info source: SP2 and bilateral discussions. Full plan and implementation dates are provided	
	3. Interaction for registration	Fully Compliant	B	N/A	N/A	N/A	N/A	Info source: T2S HSC surveys 2013. Settlement messages are not used for passing registration information.	
	4. Interaction for tax info	Fully Compliant	B	N/A	N/A	N/A	N/A	Info source: T2S HSC surveys 2013. Hence, settlement messages are not used to pass tax related information	
	5. Interaction for CSD ancillary services	Not compliant yet	G	Market practice	01.03.15	12.09.16	Keller	Info source: T2S HSC surveys 2013. Plan and dates provided where KELER will implement a new settlement system that shall be capable of handling portfolio transfers outside the T2S settlement instructions	
6. T2S schedule of settlement day		Not compliant yet	G	Major technical change	Marz 2015	September 2016	KELER	CSD rules and procedures need to be amended however there are no regulatory obstacles to adhering with T2S settlement day schedule. No technical barriers identified for implementation.	
	Market claims (28 standards)	4%		Regulatory/legislative/ Technical Change				Info source: CASO gap analysis survey 2013.	
	Transformations (13 standards)	8%	Y	Major Technical/ Market practice and legal Change	01.03.15	12.09.16	KELER, regulator, NUG	Plan and implementation dates are provided. However, consultations with tax authorities are scheduled to start in 2014 on clarifying withholding tax regime.	
Legal Harmonisation	Buyer protection (18 standards)	6%		Market Practice and legal Change				Info source: T2S NUG surveys 2011 and 2012. SP2 and bilateral discussions and NUG response.	
	9. Settlement Finality II: Irrevocability and enforceability transfer order	Not compliant yet	G	CSD rules change	N/A	12.09.16	KELER/Regulator	Plans and dates provided. However no legislative changes are required. CSD rules change requires NCB approval. No barriers are foreseen in the procedure to incorporate these changes to the CSD rules	
	10. Settlement Finality III: Irrevocability of securities transfers.	Not compliant yet	G	CSD rules change	N/A	12.09.16	KELER/ Regulator	Info source: T2S NUG surveys 2011 and 2012. SP2 and bilateral discussions. Plans and dates provided. However no legislative changes are required. CSD rules change requires NCB approval. No barriers are foreseen in the procedure to incorporate these changes to the CSD rules	
CSD account structures	14. Availability of omnibus accounts	Fully Compliant	B	N/A	N/A	N/A	N/A	Info source: T2S NUG survey and bilateral discussions. No issue	
	15. Restrictions on omnibus accounts	Fully Compliant	B	N/A	N/A	N/A	N/A	Info source: T2S NUG survey and bilateral discussions. No issue	
	16. Securities account numbering	Not compliant	G	Straight forward to implement.	01.03.15	12.09.16	Keller	Info source: HSG survey on T2S Securities account numbering, April-May 2013. No barriers foreseen	
T2S accounts numbering	17. Dedicated cash account numbering	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable	At the moment, the Hungarian NCB does not plan to open DCAs in T2S	
	Activity	Compliance	Status	Type of Implementation Gap	Implementation Plan/Date		Implementation Actor(s)	Further Comments	
Priority 2									
19. Corporate Actions	CA market standards (68)	23%	R	Other	01.03.15	12.09.16	KELER	Info source: BSG/E-MG Survey (Jan 2014). 16 (out of 68) standards already met - 23% compliance	
	24. Securities amount static data	Fully Compliant	B	N/A	N/A	N/A	N/A	Info source: T2S NUG survey and bilateral discussions. No issue.	



T2S Harmonisation Activities: Italy						
Activity	Sub-activity	Compliance	Status	Type of Implementation Gap	Implementation Plan/Date	Implementation Actor(s)
		Indicates level of compliance with the relevant standards/rules	Green (G), yellow (Y), red (R), blue (B)	If the standards/rules are not yet implemented, please specify what is the type of gap	If standards/rules are not fulfilled, provide the intended milestone/date in the implementation plan. Fully operational according to the T2S standard	Relevant national actors for implementation
Priority 1						
T2S messages						
	1. T2S ISO 20022 messages	Not compliant yet	G	Straightforward to implement	June 2014	Monte Titoli
	2. T2S mandatory matching fields	Not compliant yet	G	Major technical change	June 2014	Monte Titoli
	3. Interaction for registration	Fully Compliant	B	N/A	N/A	N/A
	4. Interaction for tax info	Fully Compliant	B	N/A	N/A	N/A
	5. Interaction for CSD ancillary services	Not compliant yet	R	Market practice change	Not available	Monte Titoli/IT-NUG
	6. T2S schedule of settlement day	Not compliant yet	G	Straightforward to implement	June 2014	Monte Titoli
	7. Corporate Actions	7%	G	Market practice change	June 2015	Monte Titoli and IT NUG
	T2S CA standards (59)	0%	G	Market practice change	June 2015	Monte Titoli and IT NUG
	Legal Harmonisation	0%	B	Other	N/A	N/A
	9. Settlement Finality II: Irrevocability and enforceability transfer order	Fully Compliant	B	N/A	N/A	N/A
	10. Settlement Finality III: Irrevocability of securities transfers.	not compliant yet	G	change of CSD rules	N/A	Monte Titoli
	CSD account structures	Fully Compliant	B	N/A	N/A	N/A
	14. Availability of omnibus accounts	Fully Compliant	B	N/A	N/A	N/A
	15. Restrictions on omnibus accounts	Fully Compliant	B	N/A	N/A	N/A
	T2S accounts numbering	Not compliant yet	G	Straightforward to implement	March 2015	Monte Titoli
	16. Securities account numbering	Fully Compliant	B	N/A	N/A	N/A
	17. Dedicated cash account numbering	Fully Compliant	B	N/A	N/A	N/A
Priority 2						
	Activity	Indicates level of compliance with the relevant standards/rules	Green (G), yellow (Y), red (R)	Type of Implementation Gap	If standards/rules are not fulfilled, provide the intended milestone/date in the implementation plan. Fully operational according to the T2S standard	Implementation Actor(s)
	19. Corporate Actions	93%	G	Straight forward to implement	December 2013	IT NUG
	24. Securities amount static data	Fully Compliant	B	N/A	N/A	N/A

T2S Harmonisation Activities: Lithuania									
Activity	Sub-activity	Compliance	Status	Type of Implementation Gap	Implementation Plan/Date		Implementation Actor(s)	Further Comments	
					If standards/rules are not fulfilled, please provide the structure and various milestones/dates in the implementation plan.	Fully operational according to the T2S standard			
Priority 1									
T2S messages	1. T2S ISO 20022 messages	Not compliant yet	G	Straightforward to implement	16.11.15	06/02/2017	LCVPD	Info source: SP2 and bilateral discussions. New IT system for LCVPD. Plans and dates for full compliance provided.	
	2. T2S mandatory matching fields	Not compliant yet	G	Straightforward to implement	16.11.15	06/02/2017	LCVPD	Info source: SP2 and bilateral discussions. New IT system for LCVPD. Plans and dates for full compliance provided.	
	3. Interaction for registration	Not compliant yet	Y	Straightforward to implement	Not available	Not available	LCVPD	Info source: T2S HSG surveys 2013. OTC FOP/ DVP instructions may contain information about registration details. There is a plan to comply with the T2S standard. Dates are missing.	
	4. Interaction for tax info	Fully Compliant	B	N/A	N/A	N/A	N/A	Info source: T2S HSG surveys 2013. Settlement messages are not used to transmit tax related information.	
	5. Interaction for CSD ancillary services	Fully Compliant	B	N/A	N/A	N/A	N/A	Info source: T2S HSG surveys 2013. Portfolio transfer information is transmitted separately.	
6. T2S schedule of settlement day		Not compliant yet	G	Straightforward to implement	16.11.15	06/02/2017	LCVPD	Info source: SP2 and bilateral discussions. Plan and dates provided. No barriers identified.	
	Market claims (28 standards)	0%		Regulatory/legislative change				Info source: CASG gap analysis survey 2013 and NUG Chairperson's response.	
	Transformations (13 standards) Buyer protection (18 standards)	0%	Y	Regulatory/legislative change Regulatory/legislative change	16/11/2015	December 2016	LCVPD	No standards are implemented. Implementing standards would require major legislative, technical, tax and market practice changes. Technical implementation is planned by 2015 with implementation of a new CSD system and all legal changes are expected to be complete by end of 2016.	
Legal Harmonisation	9. Settlement Finality II: Irrevocability and enforceability transfer order	not compliant yet	Y	CSD rules change	N/A	06/02/2017	LCVPD	Info source: T2S NUGS surveys 2011 and 2012. SP2 and bilateral discussions and NUG Chairperson's response.	
	10. Settlement Finality III: Irrevocability of securities transfers.	not compliant yet	Y	CSD rules change	N/A	06/02/2017	LCVPD	There is a plan for changing the CSD rules subject to regulatory approval. [No information on any legal/regulatory barriers identified]	
CSD account structures	14. Availability of omnibus accounts	Fully Compliant	B	N/A	N/A	N/A	N/A	Info source: T2S NUGS survey and bilateral discussions. No issue	
	15. Restrictions on omnibus accounts	Fully Compliant	B	N/A	N/A	N/A	N/A	Info source: T2S NUGS survey and bilateral discussions. No issue	
T2S accounts numbering	16. Securities account numbering	Not compliant yet	G	Straightforward to implement. No issues foreseen	16.11.15	06/02/2017	LCVPD	Info source: HSG survey on T2S Securities account numbering, April-May 2013. T2S standard will be implemented with the implementation of new CSD system. Plans and dates provided.	
	17. Dedicated cash account numbering	Not compliant yet	G	Straightforward to implement	31/08/2015	06/02/2017	Bank of Lithuania	Info source: HSG survey on T2S DCA numbering. Info source: HSG survey on T2S DCA numbering, April-May 2013. Plan and dates provided.	
Priority 2									
19. Corporate Actions	CA market standards (69)	22%	R	Legal barrier. Market practice change and changes in CSD rules and regulations	16/11/2015	06/02/2017	LCVPD	Info source: BSG/E-MIG Survey (Jan 2014). 15 (out of 69) standards already met - 22% compliance	
		Fully Compliant	B	N/A	N/A	N/A	N/A	Info source: T2S NUGS survey and bilateral discussions. No issue identified.	
24. Securities amount static data		Fully Compliant	B	N/A	N/A	N/A	N/A		



T2S Harmonisation Activities: LUX CSD							
Activity	Sub-activity	Compliance	Status	Type of Implementation Gap	Implementation Plan/Date		Further Comments
					If standards/rules are not fulfilled, please provide the timetable and various milestones/dates in the implementation plan.	Relevant national actors for implementation	
Priority 1							
T2S messages	1. T2S ISO 20022 messages	Not compliant yet	G	Straight forward to implement	October 2014	12.09.16	LUX CSD Info source: SP2 and bilateral discussions. (Date is missing)
	2. T2S mandatory/matching fields	Not compliant yet	G	Straight forward to implement	October 2014	12.09.16	LUX CSD Info source: SP2 and bilateral discussions. Lux CSD confirmed that there are no issues with full compliance with T2S mandatory matching fields (Date is missing)
	3. Interaction for registration	Fully Compliant	B	N/A	N/A	N/A	N/A Info source: T2S HSG surveys 2013: Registration information is not transferred via settlement messages
	4. Interaction for tax info	Fully Compliant	B	N/A	N/A	N/A	N/A Info source: T2S HSG surveys 2013: Tax information is not transferred via settlement messages
	5. Interaction for CSD ancillary services	Fully Compliant	B	N/A	N/A	N/A	N/A Info source: T2S HSG surveys 2013: Additional information is not required for portfolio transfers
6. T2S schedule of settlement day		Not compliant yet	G	Straight forward to implement	October 2014	September 2016	LUX CSD Info source: SP2 and bilateral discussions. No issues foreseen in complying with T2S standards
7. Corporate Actions T2S CA standards (59)	Market claims (28 standards)	0%		Straight forward to implement			Info source: CASG gap analysis survey 2013.
	Transformations (13 standards)	0%	Y	Straight forward to implement	Not available		Lux CSD has reported that market practices in Lux market are mostly consistent with the T2S CA standards; however, concrete details on compliance and dates are missing.
	Buyer protection (18 standards)	0%		Straight forward to implement			
Legal Harmonisation	9. Settlement Finality II: Irrevocability and enforceability transfer order	Not compliant yet	G	Regulatory/legislative change	N/A	12.09.16	LUX CSD Info source: T2S NUGs surveys 2011 and 2012, SP2 and bilateral discussions. Lux CSD will follow CBF instruction cancellation process.
	10. Settlement Finality III: Irrevocability of securities transfers.	Fully Compliant	B	N/A	N/A	N/A	N/A Info source: Survey on T2S settlement finality rule III and NUG response. Still is ensured via provisions in public Luxembourg law.
CSD account structures	14. Availability of omnibus accounts	Fully Compliant	B	N/A	N/A	N/A	N/A Info source: T2S NUGs survey and bilateral discussions.
	15. Restrictions on omnibus accounts	Fully Compliant	B	N/A	N/A	N/A	N/A Info source: T2S NUGs survey and bilateral discussions.
T2S accounts numbering	16. Securities account numbering	Not compliant yet	G	Straight forward to implement	01.10.14	September 2016	LUX CSD Info source: HSG survey on T2S Securities account numbering, April-May 2013
	17. Dedicated cash account numbering	Not compliant yet	G	Straightforward to implement	01.10.14	September 2016	LUX CSD Info source: HSG survey on T2S DCA numbering, April-May 2013
Priority 2							
19. Corporate Actions	CA market standards (68)	50%	Y	Other	To be decided	To be decided	LUX CSD Info source: BSG/T2S Survey (Jan 2014) 34 (out of 68) standards already met - 50% compliance.
		Fully Compliant	B	N/A	N/A	N/A	N/A Info source: T2S NUGs survey and bilateral discussions.
24. Securities amount static data		Fully Compliant	B	N/A	N/A	N/A	N/A

T2S Harmonisation Activities: VP LUX							
Activity	Sub-activity	Compliance	Status	Type of Implementation Gap	Implementation Plan/Date		Further Comments
					Ready for T2S testing	Fully operational according to the T2S standard	
Priority 1							
T2S messages	1. T2S ISO 20022 messages	Not compliant yet	G	Straight forward to implement	July 2014	September 2016	Info source: SP2 and bilateral discussions. VP is planning to use standards specified in the T2S ISO 20022 information management services of the CSDs.
	2. T2S mandatory matching fields	Not compliant yet	G	Major technical change	July 2014	September 2016	Info source: SP2 and bilateral discussions. Plans and dates for full compliance are provided.
	3. Interaction for registration	Fully Compliant	B	N/A	N/A	N/A	Info source: T2S HSG surveys 2013. Registration information is not part of the instruction and information about registration is taken directly from the accounts.
	4. Interaction for tax info	Fully Compliant	B	N/A	N/A	N/A	Info source: T2S HSG surveys 2013. Tax information is directly associated with the account hence no need to transfer the details in settlement message.
	5. Interaction for CSD ancillary services	Fully Compliant	B	N/A	N/A	N/A	Info source: T2S HSG surveys 2013. Portfolio transfer is done by FOP instructions.
6. T2S schedule of settlement day		Not compliant yet	G	Major technical change	July 2014	September 2016	Plans and dates provided. General concern on the End Of Day reporting and Start Of Day time period.
7. Corporate Actions T2S CA standards (59)	Market claims (28 standards)	0%					Info source: CASG gap analysis survey 2013 and NUG response.
	Transformations (13 standards)	0%	R	Market practice	July 2014	September 2016	No standards are currently met. VP Lux has yet to decide how exactly to implement the standards. The implementation plan is still not concrete even though there is an generic implementation date. No clarity on whether the CSD will generate CA on their own or if they will rely on the response for VP LUX. Also there is no mention of how LUX CSD will implement the standards.
	Buyer protection (18 standards)	0%					
Legal Harmonisation	9. Settlement Finality II: Irrevocability and enforceability transfer order	Fully Compliant	B	N/A	N/A	N/A	Full compliance with bilateral cancellation after matching.
	10. Settlement Finality III: Irrevocability of securities transfers.	Fully Compliant	B	N/A	N/A	N/A	Info source: Survey on T2S settlement finality rule III and NUG response. SFIII is ensured via provisions in public Luxembourg law.
CSD account structures	14. Availability of omnibus accounts	Fully Compliant	B	N/A	N/A	N/A	Info source: T2S NUGS survey and bilateral discussions.
	15. Restrictions on omnibus accounts	Fully Compliant	B	N/A	N/A	N/A	Info source: T2S NUGS survey and bilateral discussions.
T2S accounts numbering	16. Securities account numbering	Not compliant yet	G	System changes	July 2014	September 2016	Info source: HSG survey on T2S Securities account numbering. April-May 2013.
	17. Dedicated cash account numbering	Not compliant yet	G	Straight forward to implement	July 2014	September 2016	Info source: HSG survey on T2S DCA numbering. April-May 2013. BCL to comply fully.
Activity	Sub-activity	Compliance	Status	Type of Implementation Gap	Implementation Plan/Date		Further Comments
					Ready for T2S testing	Fully operational according to the T2S standard	
Priority 2							
19. Corporate Actions	CA market standards (68)	50%	Y	Other	July 2014	September 2016	Info source: BSG/E-MG Survey (Jan 2014). 34 (out of 68) standards already met - 50% compliance
		Fully Compliant	B	N/A	N/A	N/A	Info source: T2S NUGS survey and bilateral discussions.
24. Securities amount static data		Fully Compliant	B	N/A	N/A	N/A	



T2S Harmonisation Activities: Latvia									
Activity	Sub-activity	Compliance	Status	Type of Implementation Gap	Implementation Plan/Date		Implementation Actor(s)	Further Comments	
					If standards/rules are not fulfilled, please provide the timetable and various milestones/dates in the implementation plan.	Fully operational according to the T2S standard			
Priority 1									
T2S messages	1. T2S ISO 20022 messages	Not compliant yet	G	Straight forward to implement	16.11.15	02.06.17	Latvia CSD	Source: Bilateral discussion and quarterly self assessment.	
	2. T2S mandatory matching fields	Not compliant yet	G	Straight forward to implement	16.11.15	02.06.17	Latvia CSD	Source: Bilateral discussion and quarterly self assessment. Latvia CSD will be compliant post launch of new CSD system in Jan 2015	
	3. Interaction for registration	Fully Compliant	B	N/A	N/A	N/A	N/A	Source: Bilateral discussion. Registration information is not passed through settlement messages	
	4. Interaction for tax info	Fully Compliant	B	N/A	N/A	N/A	N/A	Source: Bilateral discussion. Tax related information is not passed through settlement messages	
	5. Interaction for CSD ancillary services	Fully Compliant	B	N/A	N/A	N/A	N/A	Source: Bilateral discussion. Portfolio transfer information is not passed through settlement messages	
6. T2S schedule of settlement day		Not compliant yet	G	Straight forward to implement	16.11.15	02.06.17	Latvia CSD	Source: Bilateral discussion and quarterly self assessment	
7. Corporate Actions T2S CA standards (59)	Market claims (28 standards)	0%		Regulatory/legislative change				Info source: CASG gap analysis survey 2013. No standards are currently compiled with. Technical implementation is planned to be finalised by January 2015. While for most legal/regulatory changes there will be a need only to change CSD rules, further discussions are needed with tax authorities to clarify certain aspects with regards to withholding tax.	
	Transformations (13 standards)	0%	Y	Regulatory/legislative change	16.11.15	02.06.17	Latvia CSD		
	Buyer protection (18 standards)	0%		Market practice					
Legal Harmonisation	9. Settlement Finality II: irrevocability and enforceability transfer order	Not compliant yet	G	Regulatory/legislative change	N/A	12.01.15	Latvia CSD	Source: Bilateral discussion. Existing rules need to be updated and the same needs approval from the market as well as regulator. However no barriers have been identified for compliance	
	10. Settlement Finality III: irrevocability of securities transfers.	Not compliant yet	Y	Regulatory/legislative change	N/A	02.06.17	Latvia CSD/ CSD participants/ FSA	Source: SFII survey and bilateral discussion. CSD rules amendment and regulatory approval will take place before migration to T2S	
CSD account structures	14. Availability of omnibus accounts	Fully Compliant	B	N/A	N/A	N/A	N/A	Source: Bilateral discussion	
	15. Restrictions on omnibus accounts	Fully Compliant	B	N/A	N/A	N/A	N/A	Source: Bilateral discussion. There are no restrictions rules regarding omnibus account in Latvian CSD	
T2S accounts numbering	16. Securities account numbering	Not compliant yet	G	Straight forward to implement	16.11.15	02.06.17	Latvia CSD	Source: Bilateral discussion and quarterly self assessment	
	17. Dedicated cash account numbering	Not compliant yet	G	Straight forward to implement	16.11.15	02.06.17	Latvia CB	Info source: HSG survey on T2S DCA numbering, April-May 2013	
Priority 2									
Activity	Sub-activity	Compliance	Status	Type of Implementation Gap	Implementation Plan/Date		Implementation Actor(s)	Further Comments	
		Indicates level of compliance with the relevant standards/rules	Green (G), yellow (Y), red (R)	If the standards/rules are not yet implemented, please specify what is the type of gap (use the dropdown list).	Fully operational according to the T2S standard		Relevant national actors for implementation		
19. Corporate Actions	CA market standards (66)	87%	G	Other	16.11.2015	02.06.17		Info source: BSG/E-MIG Survey (June 2013). 59 (out of 66) standards already met -87% compliance	
24. Securities amount static data		Not compliant yet	G	Straight forward to implement	16.11.2015	02.06.17	Latvia CSD	Source: Bilateral discussion and quarterly self assessment.	

T2S Harmonisation Activities: Malta							
Activity	Sub-activity	Compliance	Status	Type of Implementation Gap	Implementation Plan/Date		Implementation Actor(s)
					If standards/rules are not fulfilled, please provide the timeline and various milestones/dates in the implementation plan.	Fully operational according to the T2S standard	
Priority 1							
T2S messages	1. T2S ISO 20022 messages	Not compliant yet	G	Other	31.03.14	28.07.14	MSE
	2. T2S mandatory matching fields	Not compliant yet	G	Other	31.03.14	28.07.14	MSE
	3. Interaction for registration	Fully Compliant	B	N/A	N/A	N/A	N/A
	4. Interaction for tax info	Fully Compliant	B	N/A	N/A	N/A	N/A
	5. Interaction for CSD ancillary services	Fully Compliant	B	N/A	N/A	N/A	N/A
6. T2S schedule of settlement day		Not compliant yet	Y	Other	28.07.14	June 2015	Malta CSD/ Stock Exchange
7. Corporate Actions T2S CA standards (59)	Market claims (28 standards)	68%	G	Market practice change	30.06.14	June 2015	MSE
	Transformations (13 standards)	0%		Market practice/ Technical			
	Buyer protection (18 standards)	0%		Regulatory/ Market practice/ Technical change			
Legal Harmonisation	9. Settlement Finality II: Irrevocability and enforceability transfer order	Fully Compliant	B	N/A	NA	NA	MSE
	10. Settlement Finality III: Irrevocability of securities transfers.	Fully Compliant	B	N/A	NA	NA	MSE
CSD account structures	14. Availability of omnibus accounts	Fully Compliant	B	N/A	N/A	N/A	N/A
	15. Restrictions on omnibus accounts	Fully Compliant	B	N/A	N/A	N/A	N/A
T2S accounts numbering	16. Securities account numbering	Not compliant yet	G	Straightforward to implement	Q2 2014	June 2015	MSE
	17. Dedicated cash account numbering	Not compliant yet	G	Straightforward to implement	Q3 2014	June 2015	Central bank of Malta
Activity	Sub-activity	Compliance	Status	Type of Implementation Gap	Implementation Plan/Date		Implementation Actor(s)
					If standards/rules are not fulfilled, please provide the timeline and various milestones/dates in the implementation plan.	Fully operational according to the T2S standard	
Priority 2							
19. Corporate Actions	CA market standards (68)	44%	Y	Other	30.06.14	June 2015	MSE
		Fully Compliant	B	N/A	N/A	N/A	N/A
24. Securities amount static data		Fully Compliant	B	N/A	N/A	N/A	N/A



T2S Harmonisation Activities: The Netherlands							
Activity	Sub-activity	Compliance	Status	Type of Implementation Gap	Implementation Plan/Date		Further Comments
					If standards/rules are not fulfilled, please provide the timetable and various milestones/dates in the implementation plan.	Relevant national actors for implementation	
Priority 1							
T2S messages	1. T2S ISO 20022 messages	Not compliant yet	G	Straight forward to implement	02.10.14	28.03.16	Euroclear NL Info source: SP2 and bilateral discussions. Plans and dates for full compliance have been provided.
	2. T2S mandatory matching fields	Not compliant yet	G	Straight forward to implement	02.10.14	28.03.16	Euroclear NL Info source: SP2 and bilateral discussions. Plans and dates for full compliance have been provided.
	3. Interaction for registration	Fully Compliant	B	N/A	N/A	N/A	N/A Info source: T2S HSG surveys 2013. There are no registered securities in Netherlands. Registration information is not transmitted via settlement messages.
	4. Interaction for tax info	Fully Compliant	B	N/A	N/A	N/A	N/A Info source: T2S HSG surveys 2013. Settlement messages are not used to transmit tax related information.
	5. Interaction for CSD ancillary services	Fully Compliant	B	N/A	N/A	N/A	N/A Info source: T2S HSG surveys 2013. Portfolio transfer takes place via CSDs and initiated by agents no settlement messages are involved.
6. T2S schedule of settlement day		Not compliant yet	G	Straight forward to implement	02.10.14	28.03.16	Euroclear NL Info source: SP2 and bilateral discussions. The ESES operational day will be amended to cope with the timing of T2S. T2S accounting day will be considered the Master day.
7. Corporate Actions T2S CA standards (59)	Market claims (28 standards)	43%		Major technical change			
	Transformations (13 standards)	23%	G	Major technical change	01.09.15	01.03.16	NL-MIG Info source: CASG gap analysis survey 2013. Good compliance with market claims standards and some compliance with transformation standards reported. Progress is being made in cooperation with other ESES markets.
	Buyer protection (18 standards)	0%		Other			
Legal Harmonisation	9. Settlement Finality II: Irrevocability and enforceability transfer order	Fully Compliant	B	N/A	N/A	N/A	N/A Info source: T2S NUGS surveys 2011 and 2012, SP2 and bilateral discussions. EOC ESES already complies with bilateral cancellation after matching.
	10. Settlement Finality III: Irrevocability of securities transfers.	Not compliant yet	G	Straight forward to implement	N/A	02.10.14	Euroclear NL Info source: T2S NUGS surveys 2011 and 2012, SP2 and bilateral discussions. Seems straightforward to achieve compliance based on the ESES set-up. A regulatory approval is required but no obstacles have been identified.
CSD account structures	14. Availability of omnibus accounts	Fully Compliant	B	N/A	N/A	N/A	N/A Info source: T2S NUGS survey and bilateral discussions. There are no issues with Omnibus Accounts availability for the ESES countries.
	15. Restrictions on omnibus accounts	Fully Compliant	B	N/A	N/A	N/A	N/A Info source: T2S NUGS survey and bilateral discussions.
T2S accounts numbering	16. Securities account numbering	Not compliant yet	G	Straightforward to implement	02.10.14	01.03.16	Euroclear NL Info source: HSG survey on T2S Securities account numbering, April-May 2013.
	17. Dedicated cash account numbering	Not compliant yet	G	Straightforward to implement	02.10.14	01.03.16	DNB Info source: HSG survey on T2S DCA numbering, April-May 2013.
Activity	Sub-activity	Compliance	Status	Type of Implementation Gap	Implementation Plan/Date		Further Comments
					If standards/rules are not fulfilled, please provide the timetable and various milestones/dates in the implementation plan.	Relevant national actors for implementation	
Priority 2							
19. Corporate Actions	CA market standards (68)	78%	G	Market practice change	01.09.15	01.03.16	Euroclear Info source: BSG/E-MIG Survey (Jan 2014). 53 (out of 68) standards already met - 78% compliance
24. Securities amount static data		Fully Compliant	B	N/A	N/A	N/A	N/A Info source: T2S NUGS survey and bilateral discussions. There are no issues with securities amount data for the ESES countries

T2S Harmonisation Activities: Portugal (Interbolsa)							
Activity	Sub-activity	Compliance	Status	Type of Implementation Gap	Implementation Plan/Date		Implementation Actor(s)
					If standards/rules are not fulfilled, please provide the timetable and various milestones/dates in the implementation plan.	Fully operational according to the T2S standard	
Priority 1							
T2S messages	1. T2S ISO 20022 messages	Not compliant yet	G	Straight forward to implement	Mai 2014	März 2016	Interbolsa
	2. T2S mandatory matching fields	Not compliant yet	G	Straight forward to implement	Oktober 2014	März 2016	Interbolsa
	3. Interaction for registration	Fully Compliant	B	N/A	N/A	N/A	N/A
	4. Interaction for tax info	Fully Compliant	B	N/A	N/A	N/A	N/A
	5. Interaction for CSD ancillary services	Not compliant yet	G	Market Practice and System change	Oktober 2014	März 2016	Interbolsa
6. T2S schedule of settlement day		Not compliant yet	G	Straight forward to implement	Oktober 2014	März 2016	Interbolsa
	7. Corporate Actions T2S CA standards (59)	Market claims (28 standards)	75%	Technical change			
		Buyer protection (18 standards)	54%	Other			
		0%	G	Other	Oktober 2014	März 2016	Interbolsa
Legal Harmonisation	9. Settlement Finality II: Irrevocability and enforceability transfer order	Not compliant yet	G	CSD rules change	N/A	Oktober 2014	Interbolsa/National Regulator
		Not compliant yet	G	CSD rules change	N/A	März 2016	Interbolsa/National Regulator
CSD account structures	14. Availability of omnibus accounts	Fully Compliant	B	N/A	N/A	N/A	N/A
	15. Restrictions on omnibus accounts	Not compliant yet	Y	Market practice change	Oktober 2014	März 2016	Interbolsa
T2S accounts numbering	16. Securities account numbering	Not compliant yet	G	Straight forward to implement	Oktober 2014	März 2016	Interbolsa
	17. Dedicated cash account numbering	Fully Compliant	B	N/A	N/A	N/A	N/A
Priority 2							
19. Corporate Actions	CA market standards (68)	90%	G	Market practice change	Oktober 2014	Dezember 2014	Interbolsa
24. Securities amount static data		Not compliant yet	G	Major technical change	Oktober 2014	März 2016	Interbolsa



T2S Harmonisation Activities: Romania						
Activity	Sub-activity	Compliance	Status	Type of Implementation Gap	Implementation Plan/Date	Implementation Actor(s)
		Indicates level of compliance with the relevant standards/rules	Green (G), yellow (Y), red (R), blue (B)	If the standards/rules are not yet implemented, please specify what is the type of gap	If standards/rules are not fulfilled, please provide the timetable and various milestones/dates in the implementation plan.	Relevant national actors for implementation
					Ready for T2S testing	Fully operational according to the T2S standard
Priority 1						
T2S messages	1. T2S ISO 20022 messages	Not compliant yet	G	Straight forward to implement	01.09.14	DC
	2. T2S mandatory matching fields	Not compliant yet	G	Straight forward to implement	01.09.14	DC
	3. Interaction for registration	Fully Compliant	B	N/A	N/A	N/A
	4. Interaction for tax info	Fully Compliant	B	N/A	N/A	N/A
	5. Interaction for CSD ancillary services	Fully Compliant	B	N/A	N/A	N/A
6. T2S schedule of settlement day		Not compliant yet	G	major technical change	01.09.14	DC/NCB
7. Corporate Actions T2S CA standards (59)	Market claims (28 standards)	0%		Market Practice		
	Transformations (13 standards)	0%	Y	Regulatory/legislative change	15.09.14	DC, Regulator, NCB
	Buyer protection (18 standards)	0%		Technical		
Legal Harmonisation	9. Settlement Finality II: Irrevocability and enforceability transfer order	Fully Compliant	B	N/A	N/A	N/A
	10. Settlement Finality III: Irrevocability of securities transfers.	not compliant yet	G	Straight forward to implement	N/A	DC
CSD account structures	14. Availability of omnibus accounts	Fully Compliant	B	N/A	N/A	N/A
	15. Restrictions on omnibus accounts	Fully Compliant	B	N/A	N/A	N/A
T2S accounts numbering	16. Securities account numbering	Not compliant yet	G	No major technical/ regulatory gap in implementation	01.09.14	DC
	17. Dedicated cash account numbering	Not compliant yet	G	No major technical/ regulatory gap in implementation	01.10.14	Banca Națională a României
Activity	Sub-activity	Compliance	Status	Type of Implementation Gap	Implementation Plan/Date	Implementation Actor(s)
		Indicates level of compliance with the relevant standards/rules	Green (G), yellow (Y), red (R)	If the standards/rules are not yet implemented, please specify what is the type of gap (use the dropdown list).	If standards/rules are not fulfilled, please provide the timetable and various milestones/dates in the implementation plan.	Relevant national actors for implementation
					Ready for T2S Testing	Fully operational according to the T2S standard
Priority 2						
19. Corporate Actions	CA market standards (66)	45%	Y	Market practice as well as regulatory changes	01.09.14	DC
24. Securities amount static data		Fully Compliant	B	N/A	N/A	N/A

T2S Harmonisation Activities: Slovenia						
Activity	Sub-activity	Compliance	Status	Type of Implementation Gap	Implementation Plan/Date	Implementation Actor(s)
		Indicates level of compliance with the relevant standards/rules	Green (G), yellow (Y), red (R), blue (B)	If the standards/rules are not yet implemented, please specify what is the type of gap	If standards/rules are not fulfilled, please provide the timetable and various milestones/dates in the implementation plan. Fully operational according to the T2S standard	Relevant national actors for implementation
Priority 1						
T2S messages	1. T2S ISO 20022 messages	not compliant yet	G	technical	Marz 2015 Februar 2017	KDD
	2. T2S mandatory matching fields	not compliant yet	G	technical	Marz 2015 Februar 2017	KDD
	3. Interaction for registration	Fully Compliant	B	N/A	N/A	N/A
	4. Interaction for tax info	Fully Compliant	B	N/A	N/A	N/A
	5. Interaction for CSD ancillary services	Fully Compliant	B	N/A	N/A	N/A
6. T2S schedule of settlement day	not compliant yet	G	technical	Marz 2015 Februar 2017	KDD	
7. Corporate Actions T2S CA standards (59)	Market claims (28 standards)	0%	R	Regulatory/legislative/technical change	2Q.2015 06.02.17	KDD/national legislators and regulators
	Transformations (13 standards)	0%		Regulatory/legislative/technical change		
	Buyer protection (18 standards)	0%		Other		
Legal Harmonisation	9. Settlement Finality II: Irrevocability and enforceability transfer order	Not compliant yet	G	Regulatory change	N/A Marz 2017	KDD
	10. Settlement Finality III: Irrevocability of securities transfers.	not compliant yet	G	Legislative change and regulatory endorsement	N/A Marz 2017	KDD/national legislators and regulators
CSD account structures	14. Availability of omnibus accounts	Fully Compliant	B	N/A	N/A	N/A
	15. Restrictions on omnibus accounts	Fully Compliant	B	N/A	N/A	N/A
T2S accounts numbering	16. Securities account numbering	Not compliant	G	Straight forward to implement	Marz 2015 1Q2017	KDD
	17. Dedicated cash account numbering	Not compliant	G	Straight forward to implement	Oktober 2014 Januar 2017	Bank of Slovenia
Activity		Indicates level of compliance with the relevant standards/rules	Green (G), yellow (Y), red (R)	Type of Implementation Gap	Implementation Plan/Date	Implementation Actor(s)
				If the standards/rules are not yet implemented, please specify what is the type of gap (use the dropdown list).	If standards/rules are not fulfilled, please provide the timetable and various milestones/dates in the implementation plan. Fully operational according to the T2S standard	Relevant national actors for implementation
Priority 2						
19. Corporate Actions	CA market standards (68)	19%	R	Major technical change	4Q.2016 Februar 2017	KDD/national legislators and regulators
24. Securities amount static data	12.03.201412.03.201412.03.2014	Not compliant	G	No information	1Q.2015 Februar 2017	KDD



T2S Harmonisation Activities: Slovakia							
Activity	Sub-activity	Compliance	Status	Type of Implementation Gap	Implementation Plan/Date	Implementation Actor(s)	
		Indicates level of compliance with the relevant standards/rules	Green (G), yellow (Y), red (R), blue (B)	If the standards/rules are not yet implemented, please specify what is the type of gap	If standards/rules are not fulfilled, please provide the timetable and various milestones/dates in the implementation plan.	Relevant national actors for implementation	
					Ready for T2S testing	Fully operational according to the T2S standard	
Priority 1							
T2S messages	1. T2S ISO 20022 messages	Not compliant yet	G	technical change	Juni 2015	Februar 2017	CDCP
	2. T2S mandatory matching fields	Not compliant yet	G	technical change	Juni 2015	Februar 2017	CDCP
	3. Interaction for registration	Not compliant yet	G	technical change	Not available	Februar 2017	CDCP
	4. Interaction for tax info	Fully Compliant	B	N/A	N/A	N/A	N/A
	5. Interaction for CSD ancillary services	Fully Compliant	B	N/A	N/A	N/A	N/A
6. T2S schedule of settlement day		Not compliant yet	G	Market practice change	Juni 2015	Februar 2017	CDCP
	Market claims (28 standards)	0%					
	Transformations (13 standards)	0%					
7. Corporate Actions T2S CA standards (59)	Buyer protection (18 standards)	0%	G	Market practice /technical change /CSD rules change	November 2015	Februar 2017	CDCP
Legal Harmonisation	9. Settlement Finality II: Irrevocability and enforceability transfer order	Not compliant yet	G	Technical change	N/A	Februar 2017	CDCP
	10. Settlement Finality III: Irrevocability of securities transfers.	Not compliant yet	G	Technical change	N/A	Februar 2017	CDCP
CSD account structures	14. Availability of omnibus accounts	Fully Compliant	B	N/A	N/A	N/A	N/A
	15. Restrictions on omnibus accounts	Not compliant yet	Y	legislative change	N/A	Februar 2017	CDCP
T2S accounts numbering	16. Securities account numbering	Not compliant	G	Straight forward to implement	Juni 2015	Februar 2017	CDCP
	17. Dedicated cash account numbering	Not compliant	G	Straight forward to implement	Oktober 2014	Oktober 2014	National bank of Slovakia
Activity	Sub-activity	Compliance	Status	Type of Implementation Gap	Implementation Plan/Date	Implementation Actor(s)	
19. Corporate Actions	CA market standards (66)	n/a	R - no info	Not available	Not available	CDCP	
24. Securities amount static data		Not compliant yet	Y	Market practice change/ Technical change/ Legislative change	Not available	Februar 2017	CDCP

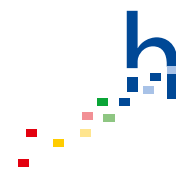
Annex 6: List of members of the T2S Advisory Group

The T2S Advisory Group (AG) provides advice to the Eurosystem on T2S-related issues, to ensure that T2S is developed and implemented according to market needs. To this end, the AG is made up of representatives from all stakeholders, i.e. participating CSDs, banks and national central banks. In particular, the AG addresses T2S issues related to policy, pricing, governance and harmonisation in the field of securities settlement.

As far as harmonisation matters are concerned, the AG is supported by the Harmonisation Steering Group (for information on the group, please see http://www.ecb.europa.eu/paym/t2s/progress/pdf/ag/Mandate_T2S_AG.pdf?ae574da08d13e1a4301e528f3a1e7426).

The AG's mandate is available on the T2S website at <http://www.ecb.europa.eu/paym/t2s/governance/ag/html/index.en.html>. The group's meeting documents can also be downloaded from the website. The list of members is below.

Institution	Name
Chair and Secretariat	
European Central Bank	Jean-Michel Godeffroy (Chairperson)
European Central Bank	José-Ignacio Terol Rodriguez (Secretary)
User members	
Banco Santander	Adolfo Garcia
Bank Austria	Guenter Schnaitt
Bank of America Merrill Lynch	John Whelan
Banque et Caisse d'Epargne de l'Etat	Carlo Matagne
BBVA	Roberto-Vicario Montoya
BNP Paribas	Alain Pochet
BNY Mellon	James Cunningham
CACEIS	Eric Derobert
CECA	José-Luis Rebollo Palomero
Citi	Reto Faber
Commerzbank	Roland Kipper
Danske Bank	Tom S. Jensen
Deutsche Bank	Stephen Lomas
Deutsche Wertpapier Service Bank	Hilmar Schwarz
Eurex Clearing	Marcus Zickwolff
EuroCCP	Diana Chan
Goldman Sachs	Isabelle Hennebelle
ICBPI	Paolo Callegaro
ING	Antoine Vonk
Intesa Sanpaolo	Mario-Domenico Reccia
JP Morgan	Diana Dijmarescu
Nordea	Marianne Sorensen



Sampo Pankki	Päivi Nyrhilä
Société Générale	Eric de Gay de Nexon
Swedbank AS	Elo Tempel
UBS	Florentin Soliva
CSDs	
AS Eesti Väärtpaberikeskus (Estonia)	Julia Segerkrantz
Bank of Greece Securities Settlement System (BOGS)	Sofia Koussiadou
BNY Mellon CSD (Belgium)	Robert Head
Centrálny depozitár cenných papierov SR, a. s. (Slovakia)	Daniel Jóna
Clearstream Banking AG (Germany)	Mathias Papenfuß Karla Amend
Cyprus Stock Exchange	Nondas Cl. Metaxas
Depozitarul Central S.A. (Romania)	Adriana Tanasoiu
Euroclear Belgium	Michael Shipton
Euroclear Finland Oy	Hanna Vainio
Euroclear France	Joël Mérére
Euroclear Nederland	Philip Van Hassel
Iberclear – BME Group (Spain)	Jesus Benito
Interbolsa (Portugal)	Rui de Matos
KDD - Centralna klirinško depotna družba, d.d. (Slovenia)	Davor Pavic
Központi Elszámlólóház és Értéktár Zrt. – KELER (Hungary)	György Dudás
Latvijas Centralais depozitārijs (Latvia)	Indars Aščuks
Lietuvos centrinis vertybinių popierių depozitoriumas (Lithuania)	Mindaugas Bakas
LuxCSD S.A. (Luxembourg)	Mark Gem
Malta Stock Exchange	Eileen Muscat
Monte Titoli S.p.A. (Italy)	Paolo Cittadini Alessandro Di Michele
National Bank of Belgium Securities Settlement System (NBB-SSS)	Marc Lejoly
Oesterreichische Kontrollbank Aktiengesellschaft (Austria)	Goerg Zinner
SIX SIS Ltd. (Switzerland)	Robert Rickenbacher
VP LUX S.á.r.l. (Luxembourg)	Mogens Kruse
VP Securities A/S (Denmark)	Niels Olsens
Central Banks (Eurosystem)	
European Central Bank	Alessandro Bonara
Nationale Bank van België / Banque Nationale de Belgique	Yvan Timmermans
Deutsche Bundesbank	Katharina Tobiasch
Eesti Pank	Mihkel Nõmmela
Central Bank of Ireland	Peter Sinnott

Bank of Greece	Sofia Koussiadou
Banco de España	Jesus Lopez Pedruelo
Banque de France	Emanuelle Assouan
Banca d'Italia	Fabrizio Palmisani
Central Bank of Cyprus	George Nicolaou
Banque centrale du Luxembourg	Pierre Thissen
Central Bank of Malta	Sylvana Gatt
De Nederlandsche Bank	Ariena van Wageningen
Oesterreichische Nationalbank	Hannes Hermanky
Banco de Portugal	Fernando Chau
Banka Slovenije	Peter Centrih
Suomen Pankki	Risto Koponen
Central Banks (non-Eurosystem)	
Danmarks Nationalbank	Peter Restelli-Nielsen
Observers	
T2S Board	Pierre Beck Paul Bodart Peter Holicka Luc Janssens Kristian Kjeldsen Yvon Lucas Cristina Mastropasqua Jochen Metzger Michalis Michalopoulos Soledad Nuñez Michael Power Luis Miguel Rodriguez Caramelo
European Association of Co-operative Banks	Andreas Stepnitzka
Association for Financial Markets in Europe	Stephen Burton
European Association of Clearing Houses	Christoph Hemon
European Banking Federation	Christophe Bonte
European Savings Bank Group	Julie van Buylaere
Federation of European Securities Exchanges	Judith Hardt
European Securities and Markets Authority	Nathalie Piscione
European Commission	Felicia Stanescu Andrei Gurin
Eurosystem oversight function	Helmut Wacket
4CB	Siegfried Vonderau Lorenzo Giammò María Teresa Arraez Vincent Bonnier





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