



TARGET2-Securities: What is going to change?

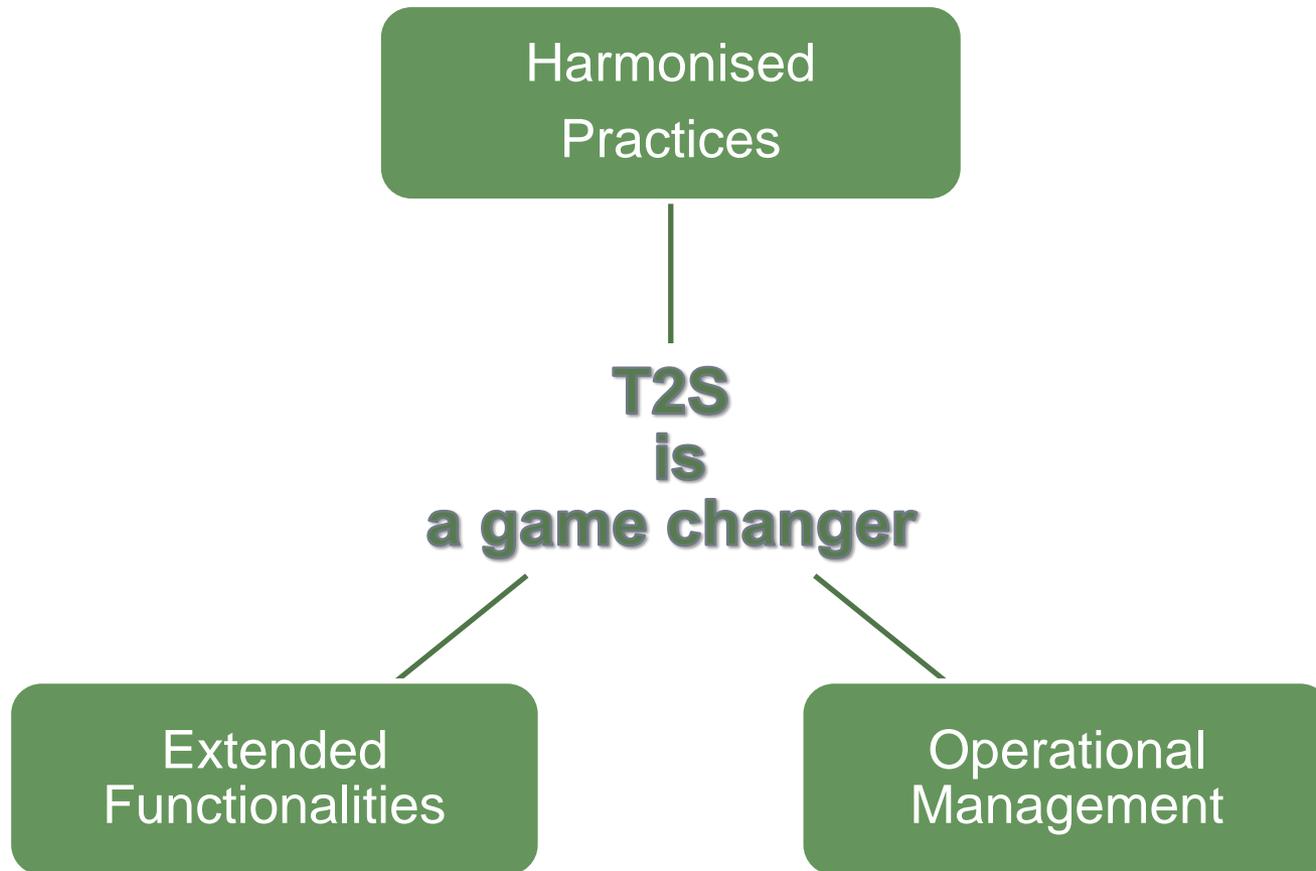
Forum T2S 2014
Milan, 4 November 2014



Changes



What are the areas impacted by T2S?





Operational management

Integrated settlement system

Static data configuration

Business day schedule

Fail recycling



Extended Functionalities

Credit Memorandum Balance

- Track the provision of credit from CB to payment banks (for central bank collateralisation) and from payment banks to their clients; it is a combination of T2S dedicated cash account and BIC of the party authorised to use the account.

CoSD

- Allows performing a settlement in T2S with the requirement to fulfil a condition outside T2S before achieving the final booking

Linked Instruction

- Allows to link Settlement Instruction(s) and/or Settlement Restriction(s) together.
- Settlement Instructions and Settlement Restrictions can be linked together either via a link specified by a T2S Actor or via a link generated automatically by T2S.

Settlement Restriction

- Earmarking, Blocking, Reservation move securities into a specific securities position, and make them available for a specific purpose (e.g. blocked securities for Conditional Securities Delivery, earmarked securities for auto-collateralisation, etc...).

MSA

- Specific attributes for parties, securities and securities accounts.
- Available for a) informational purposes (and possibly to use them in other applications or processes) or b) the configuration of restriction types



Harmonisation in T2S: a key objective

HSG/AG

- 21 markets/24 CSDs involved
- 24 T2S harmonisation activities have been identified

Priority 1 (16 Activities)

- necessary to ensure efficient and safe cross-CSD settlement in T2S.
- first priorities for resolution and implementation prior to the launch of T2S

Priority 2 (8 Activities)

- key for enhancing the competitive environment and the efficiency of T2S
- could continue to be pursued after the T2S launch



T2S Harmonisation Activities

ACTIVITIES – PRIORITY 1		DEFINITION	MONITOR	COMPLIANCE
1	T2S MESSAGES	T2S ISO 20022 messages	G	G
2		T2S mandatory matching fields	G	G
3		Interaction for registration	G	G
4		Interaction for tax info	G	G
5	SCHEDULE OF SETTLEMENT DAY	G	G	G
6	T2S CORPORATE ACTIONS STANDARDS	G	G	R
7	LEGAL HARMONISATION	Settlement finality I (moment of entry)	Y	X
8		Settlement finality II (irrevocability of transfer order)	G	G
9		Settlement finality III (irrevocability of transfers)	G	G
10		Outsourcing IT services	G	Y
11	SETTLEMENT DISCIPLINE REGIME	Y	X	X
12	SETTLEMENT CYCLES	G	G	G
13	CSD ACCOUNT STRUCTURES	Availability of Omnibus Accounts	G	G
14		Restrictions on Omnibus Accounts	G	G
15	T2S ACCOUNTS NUMBERING	Securities accounts numbering	G	G
16		Dedicated cash accounts numbering	G	G
ACTIVITIES – PRIORITY 2		DEFINITION	MONITOR	COMPLIANCE
17	LEGAL HARMONISATION	Location of Securities Account/Conflicts of Law	R	X
18	CORPORATE ACTIONS MARKET STANDARDS	CA market (CAJWG) standards	G	G
19	PLACE OF ISSUANCE		Y	X
20	TAX PROCEDURES	Withholding tax procedures	G	R
21	SHAREHOLDER TRANSPARENCY - REGISTRATION		R	X
22	MARKET ACCESS		Y	X
23	SECURITIES AMOUNT DATA		G	G
24	PORTFOLIO TRANSFER		Y	X



Harmonisation process in Italy

As part of the integration process in T2S, MT and its clients have been carrying out an important process of compliance with the European standards and removing of market specificities, which includes:

Matching Standard

- Hold/release functionality, bilateral cancellation
- New market practice on the second layer matching (BIC11)



CA on Stocks

- Cash Distributions and reorganization
- Corporate Action Cash Payments will be paid in T2



CA on Flows

- Management of claims, compensations and transformations
- Suffix removal

T2S Go Live

FoP transactions

- Matched FoP instructions
- Management of Portfolio Transfer

T2S Go Live

T+2

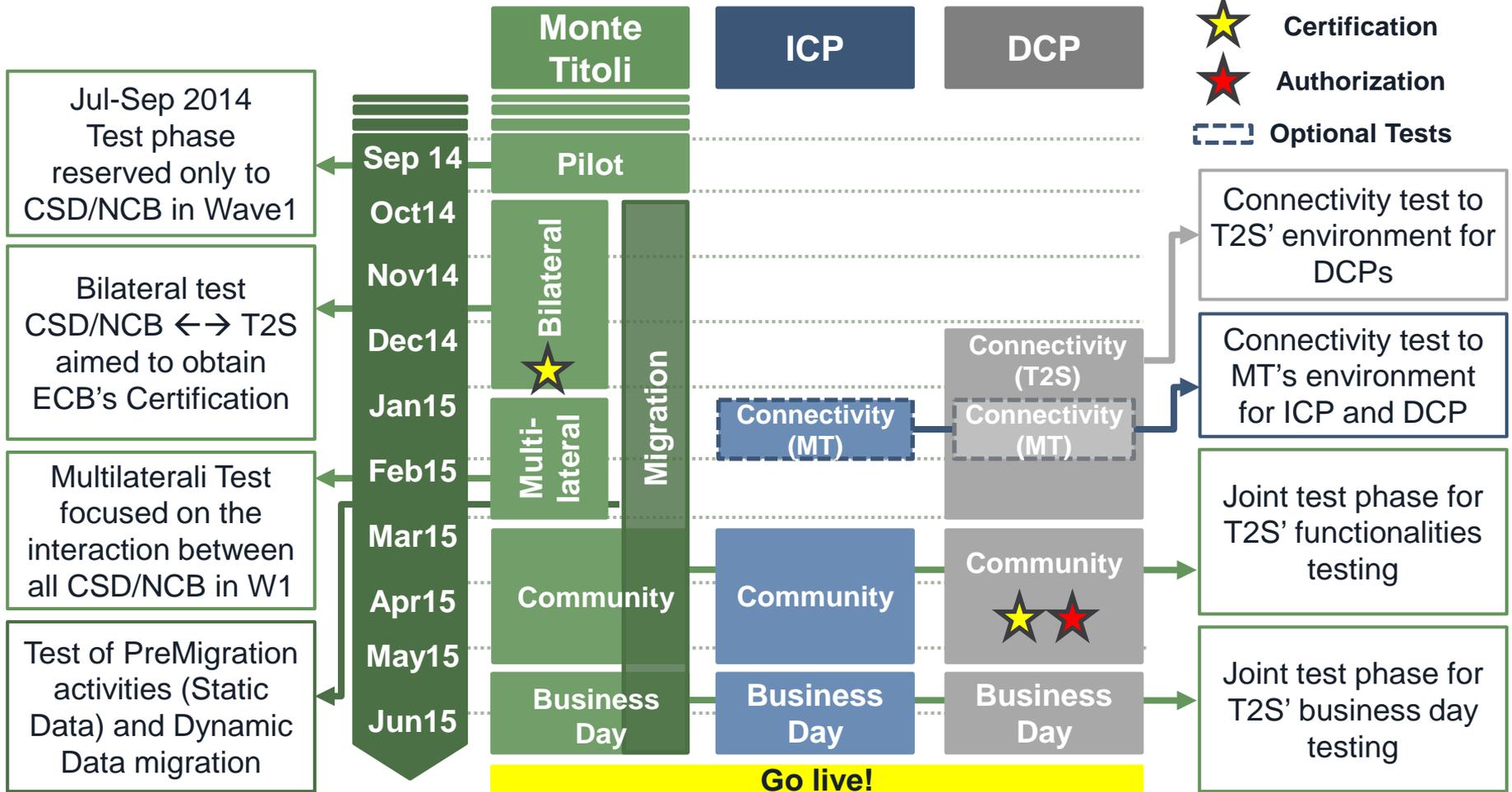
- Settlement date shall occur no later than on the 2nd business day after the trading takes place





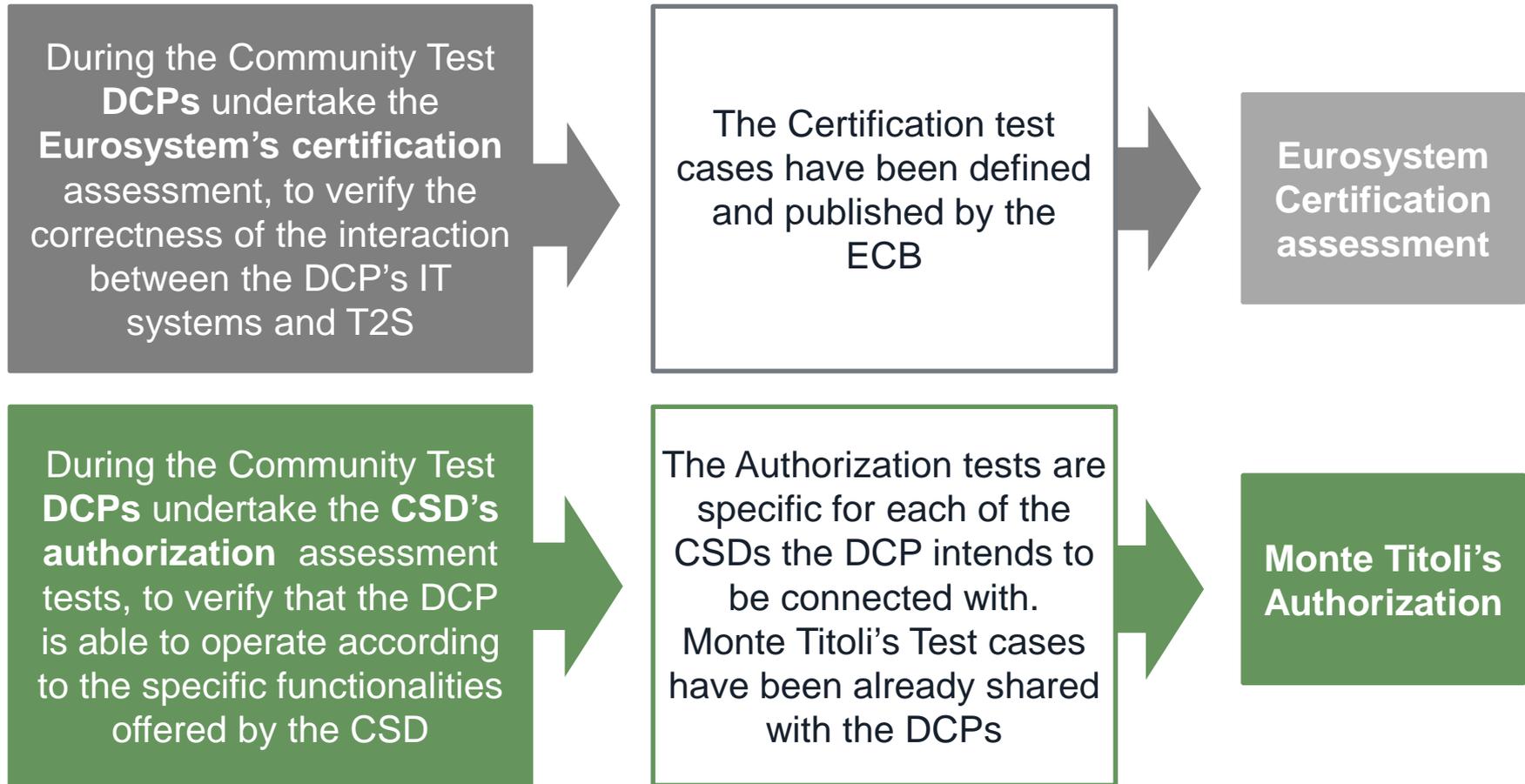
What's Next?

Test phases and client involvement





Certification & Authorization for DCP



Migration phases

	Activity	Time period	Notes
Pre-migration	Static Data upload (participants, financial instruments, accounts) in T2S	20 March 2015 – 19 June 2015	<p>All data (Static and Dynamic) are uploaded in T2S by Monte Titoli</p> <p>During the stabilization phase all actors in wave1 (included ICP and DCP) verify the correct functioning of the platform</p>
Migration Weekend	Dynamic Data upload (instructions and positions in Monte Titoli's systems at migration time)	19 June 2015 – 22 June 2015	
Stabilization phase	Verification of T2S platform's stability	<p>T2S go live</p> 22 June 2015 – 27 July 2015	

Key dates for Participants

Testing



- T2S Connectivity testing**
Dec. 2014
- MT Connectivity testing (ICP/DCP)**
Jan 2015
- Certification & Authorisation (DCP)**
During Community testing
- Community testing**
2 Mar 2015 – 18 May 2015
- Business Day testing**
18 May 2015 – 12 Jun 2015

Migration

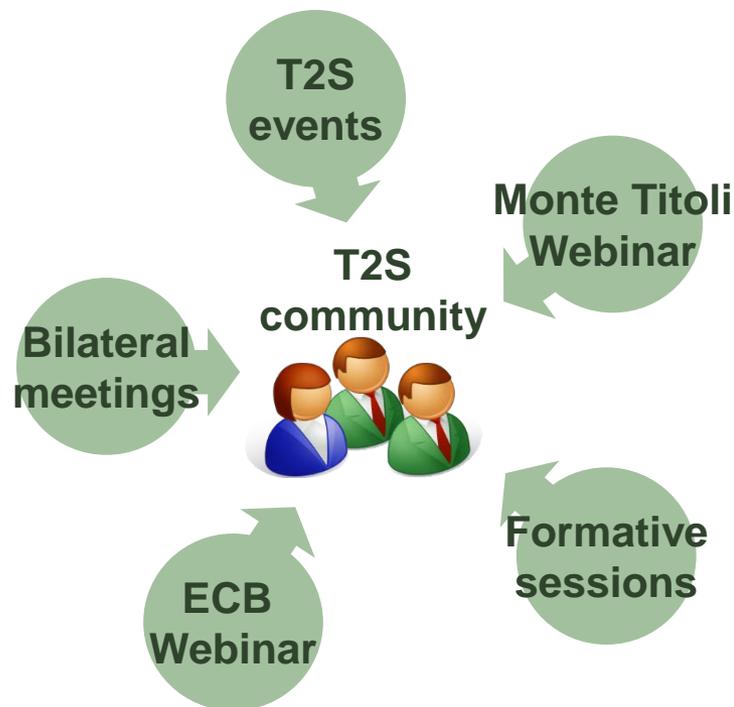


- Confirmation of configuration information**
15 Dec 2014 – 20 Mar 2015
- Upload in Testing**
20 Feb. 2015
- Upload in Production & Frozen Period**
20 Mar 2015 – 22 Jun 2015
- Static Data go-live**
27 Apr 2015
- Migration weekend**
19 Jun 2015 – 22 Jun 2015



How to get informed?

Clienti training plan for T2S



Clienti training plan →

[Homepage](#) → [Target2-Securities](#) → [Documentation](#)

Webinar "Monte Titoli in T2S" →

[Homepage](#) → [Initiatives and news](#) → [Events](#)

Clients training plan

Informative sessions: general Workshop session on the key angles and impacts of T2S

Formative sessions: Workshops focused on specific operative topics (e.g. Monte Titoli's GUIs for ICP/DCP and T2S GUI for DCPs only)

ECB's Webinars: Monte Titoli's clients can access to ECB's detailed T2S Webinars

Monte Titoli's Webinars: dedicated to specific T2S topics (Project Structure, User Requirements, Testing, Migration)

Formative sessions





**Thank you
for
your attention!**