



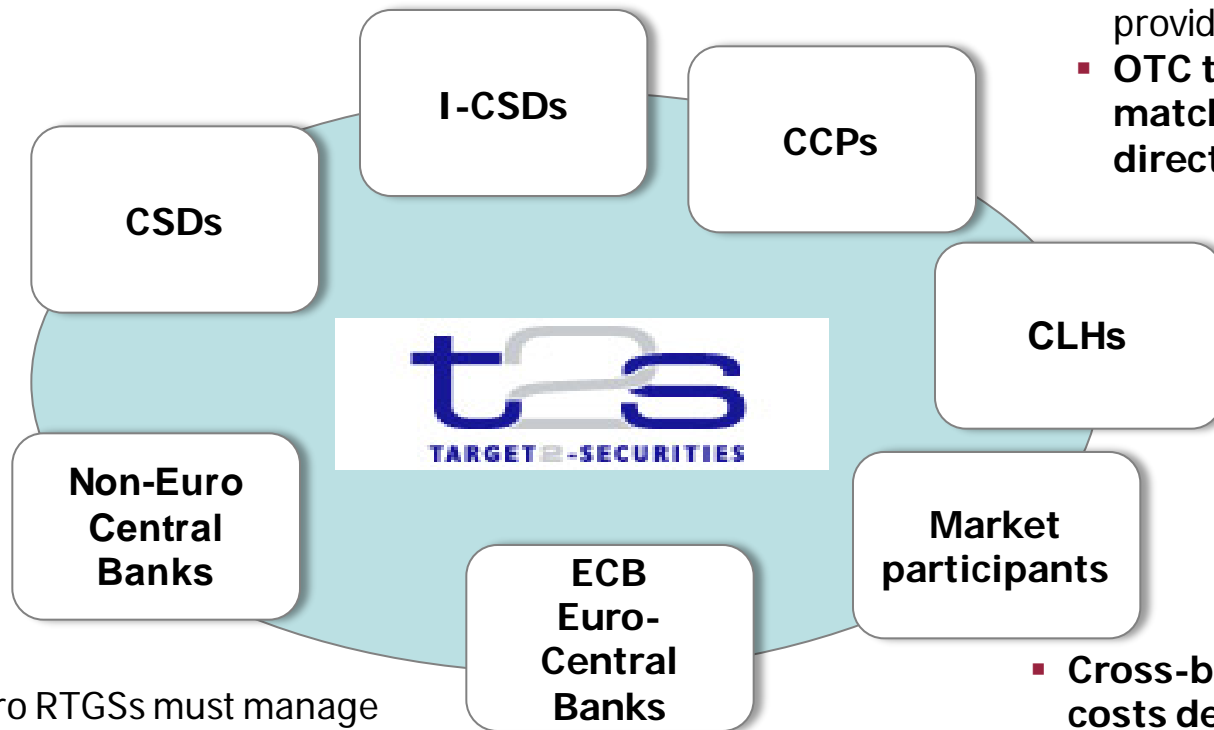
Progetto T2S: a che punto siamo?

*Gli intermediari italiani tra mercato nazionale e competizione globale
alla luce di uno scenario europeo in divenire*

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- **Core settlement functions** partially or totally transferred to T2S
- Access to **multi-currency settlement**
- **Single access point for issuers and participants**



- Market participants will choose among several CCPs provided by trading venues
- **OTC trade** could be **matched** and **settled directly by T2S**

- Non-Euro RTGSs must manage integration with T2S in case national CSD moves settlement to T2S

- **Cross-border settlement costs decrease**
- **Direct access** to T2S for OTC trading, including systematic internalisation

- **European Central Bank** (Banca d'Italia, Deutsche Bundesbank, Banque de France, Banco de Espana): T2S platform implementation and management
- **CSDs/I-CSDs:** will move their securities accounts to T2S platform for settlement purposes
 - › data integration, connectivity and communication with T2S platform for DvP security leg and collateral management
 - › decommissioning their own services for cross border settlement, up to the full settlement technology when domestic settlement is included
 - › technology evolution to support new value added services (e.g. cross border corporate action management; shorter clearing and settlement cycle; etc.)
- **CLHs:** improvement efficiency of the OTC matching functions
- **NCBs:** data integration, connectivity and communication with T2S platform for DvP cash leg and collateral management
- **Market participants:** will align cross border settlement competitiveness with domestic settlement
 - › direct access to T2S platform for settlement and optionally for OTC matching
 - › shorter clearing and settlement cycle back office impacts

CSD focus: different IT approaches to benefit from T2S introduction

CSDs, based on their current market positioning, can decide to pursue different IT approaches to maximise their T2S opportunities:

1. In house technology development approach

- > leverage on proprietary technology maintaining full autonomy
- > leverage on large business size able to support economy of scale
- > develop technical links with other preferred CSDs

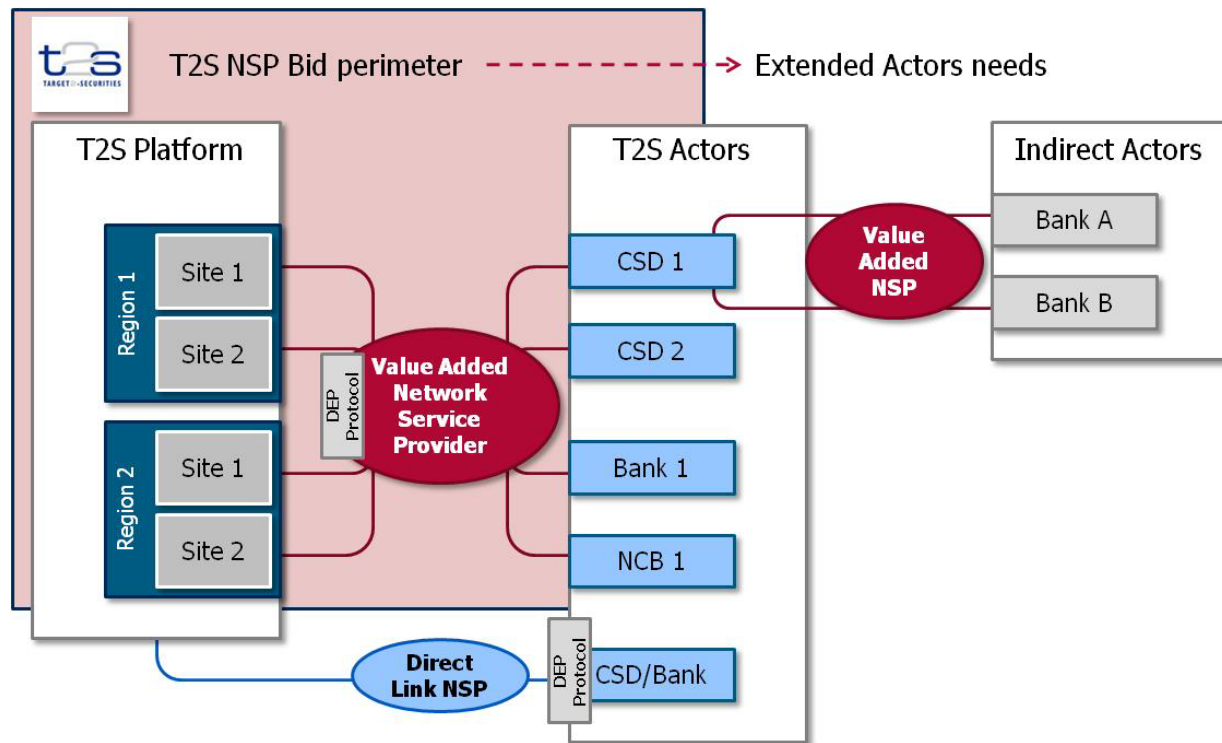
2. Work with a technology partner with a full outsourcing approach

- > benefit from a specialised IT provider in post trading application
- > leverage on top quality outsourcing standard with agreed service levels
- > reach the best trade off between quality and cost, benefiting from the economy of scales of the IT partner
- > keep the exclusivity of distinctive services with ad hoc customisation

3. CSD hub scenario


- > full outsourcing to a leading CSD while maintaining domestic market independence and benefiting from joint economy of scale
- > Manage the trade off between full business autonomy and full competition with other CSDs, becoming more and more partners

“National differences in the information technology used by clearing and settlement providers shall be eliminated via an EU-wide protocol.” (Giovannini barrier one)



- T2S implies the adoption of a unique messaging network model for the whole European financial community

- Implementation of Data Exchange Protocol (DEP)
 - Non Repudiation support
 - Four messaging modes (file transfer and single message in both real time and store & forward)
- Physical connectivity topology, protocol support, resilience and security
- Business Continuity
 - Intra-region and inter-region switch management
 - 0 RPO and 15m RTO
- Supporting functions and provisions; e.g. :
 - Domain Name services
 - Time synchronization
 - Audit logging and data session archiving
 - Backup (also of message content)
- EU Trusted CA services and PKI solution

A large red arrow pointing from the main list of challenges towards the three callout boxes on the right.

SIA is developing a dedicated **DEP infrastructure** designed, implemented and managed as a natural extension of the core messaging platform from which it inherits the stability, robustness and reliability recognized in the market

SIA solution is based on a decoupled interface. This means **that Actors will keep on using SIANet protocol**

Also **Indirect** (or both direct & indirect) **Actors** will benefit of a SIANet solution to connect to CSD, getting a single provider and a single protocol to reach all the CSD in the Community T2S platform



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