



10 January 2007

Target 2-Securities

Assessment of importance of individual aspects of the impact analysis contained in the Economic Part of the Feasibility Study Additional input for the Pre-Project Team of the European Central Bank

The ESF deems the following aspects of the impact analysis very important or important; elements deemed of lesser importance are not listed.

- **Impact of T2S on the efficiency of post trading in Europe as a whole**
 - comparison of T2S cost benefits vs. comprehensive costs of change at the level of CSDs and market participants: very important, should be quantified to the extent possible
 - promotion / enforcement of harmonisation and standardisation through T2S and the influence of the ECB including the removal of the nine Giovannini Barriers for which public sector is responsible: very important
 - impact on post trading efficiency of consolidation and competition at the levels of (i) trading, (ii) CSDs, (iii) CCPs: important
- **Impact of T2S on the Eurosystem**
 - change of risk profile caused by (i) project risks, (ii) operational risks, (iii) systemic risks, (iv) securities lending activities ('failed lending'): important
- **Impact of T2S on CSDs**
 - cost of change to T2S environment vs. cost reductions resulting from decommissioned settlement functionality: very important, should be quantified
 - risk of delaying implementation of solutions aimed at dismantling Giovannini barriers: important

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- adverse change of risk profile caused by adding services across multiple markets: important
- increase of market share as a result of (i) increased service offering across multiple markets, (ii) consolidation at CSD level: important
- **Impact of T2S on market users**
 - cost of change to T2S vs. cost reductions resulting from lower settlement fees for domestic and cross border transactions: very important, should be quantified
 - benefits from increased competition between CSDs / ICSDs / agent banks: very important
 - benefits from accelerated process of harmonisation and standardisation: very important

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