Marc Bayle
European Central Bank

Marc.bayle@ecb.int

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Dear Mr Bayle,

Thank you for your letter of 26 May 2009 in response to the ICSA and GC100 Group's joint submission on T2S.

We very much look forward to continuing our discussions with you on this topic and welcome your suggestion of establishing a workshop just prior to the summer break. We would suggest that as the summer break is fast approaching for many countries, it would be advisable to determine and publish a date and venue as soon as possible. A number of companies in the London area would be happy to host such an event.

In the meantime, we would like to make the following points:

1) We would point out that our response sought to represent not only UK member issuers, but also member issuers in Ireland, who share our same concerns and we believe endorsed the views put forward in our response.

2) Our concerns on shareholder visibility relate not merely to the legal situation in different jurisdictions, but also to the mechanics of how shareholder visibility will operate within T2S. T2S could for example make it a requirement that the registration message to the registrar or issuer should include details of the account within the CSD and not just the CSD. This would be equivalent to today's situation for Irish and UK issuers. This is a matter we would like to explore further at the workshop.

3) We are disappointed with your response relating to costs. Our concern is that the issuer will receive little or no benefit from T2S compared to the benefits that other sections of the market will enjoy. At the same time, it is likely that issuers will have to fund enhancements to their own or to their agents' systems in order to link into T2S, particularly if the uncertainty over corporate actions is not resolved. We therefore feel that it would be appropriate to "over collect" from those areas of the market who will benefit the most to defray the costs of those who do not.

4) The legal certainty question clearly needs to be discussed in detail at the proposed workshop as there is still lack of clarity here. We are not talking about the physical location of the legal records of ownership, but which entity is responsible for holding the legal records – whether it is T2S or the CSD.

5) You will be aware of the parallel work within the Legal Certainty Group in Europe. We believe that T2S and the work of the Legal Certainty Group need to be considered together.

6) We understand that the Bank of England also have similar concerns to ours over governance and representation. This will need to be discussed at the workshop.

Please note, as a matter of formality, that the views expressed in this document do not necessarily reflect the view of each and every member of ICSA or GC100 or their employing company.

Yours sincerely,

David Wilson
Director of Policy and Strategy, ICSA

Mary Mullally
Secretary, GC100