

CSDs: Euroclear Sweden (Sweden)

Date: 21 Dec 2011

SMI Markets: Sweden

CMIRR Markets: Sweden

Swedish NUG Recommends Not to Join T2S

The Swedish T2S National User Group (NUG) and the Swedish Bankers' Association have recommended the Central Bank and Euroclear Sweden to not join the T2S project during the initial migration period. In their communication the NUG states that, in general, the market is in favour of being part of T2S, however at present there are too many uncertainties in this subject to positively assess joining T2S. The decision therefore does not exclude the possibility of joining the project at a later stage, in case the market deems it to be beneficial. The main points justifying the decision are:

- A greater settlement cost for the domestic investors if Sweden joined T2S;
- The fact that the Swedish market would not be significantly affected if Sweden remained outside of T2S.

CSD Risk Impact

Euroclear Sweden (Sweden)

CSD Rating: AA

CSD Flash Impact: On Watch

Impacted Risk Type: Financial Risk

Current Rating = AA+

Flash Impact = On Watch

Impacted Risk Type: Operational Risk

Current Rating = AA

Flash Impact = On Watch

Depending on the final decision, any CSDs joining T2S that plan to decommission their settlement services will need to restructure their businesses to rely on non-settlement revenue, while the project to link the depository to T2S is potentially open to operational disruption. The end model based on fragmentation of settlement from other CSD services may have an Operational Risk impact.

Market Information Impact

Sweden

This information affects the data contained in the Local Market Administrative Organisations and Settlement sections of the Securities Market Information Service.

Infrastructure Risk Ratings Impact

Sweden

Market Rating: AA

Market Flash Impact: On Watch

Impacted Risk Type: Financial Risk

Current Rating = AA+

Flash Impact = On Watch

Impacted Risk Type: Operational Risk

Current Rating = AA

Flash Impact = On Watch

Depending on the final decision, any CSDs joining T2S that plan to decommission their settlement services will need to restructure their businesses to rely on non-settlement revenue, while the project to link the depository to T2S is potentially open to operational disruption. The end model based on fragmentation of settlement from other CSD services may have an Operational Risk impact.

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