

T2S End-to-end Offerings

Banking and Financial Services



Market consolidation initiatives like TARGET2-Securities (T2S) and regulatory changes such as CSDR, MiFID II and EMIR in Europe have created an imminent need for business transformation by capital market and market infrastructure organizations.

With 80% of the Central Securities Depositories (CSDs) in Europe signing the Memorandum of Understanding (MoU) with the European Central Bank (ECB), T2S will soon be a reality forcing CSDs and Custodians to radically change the way in which they operate in Europe.

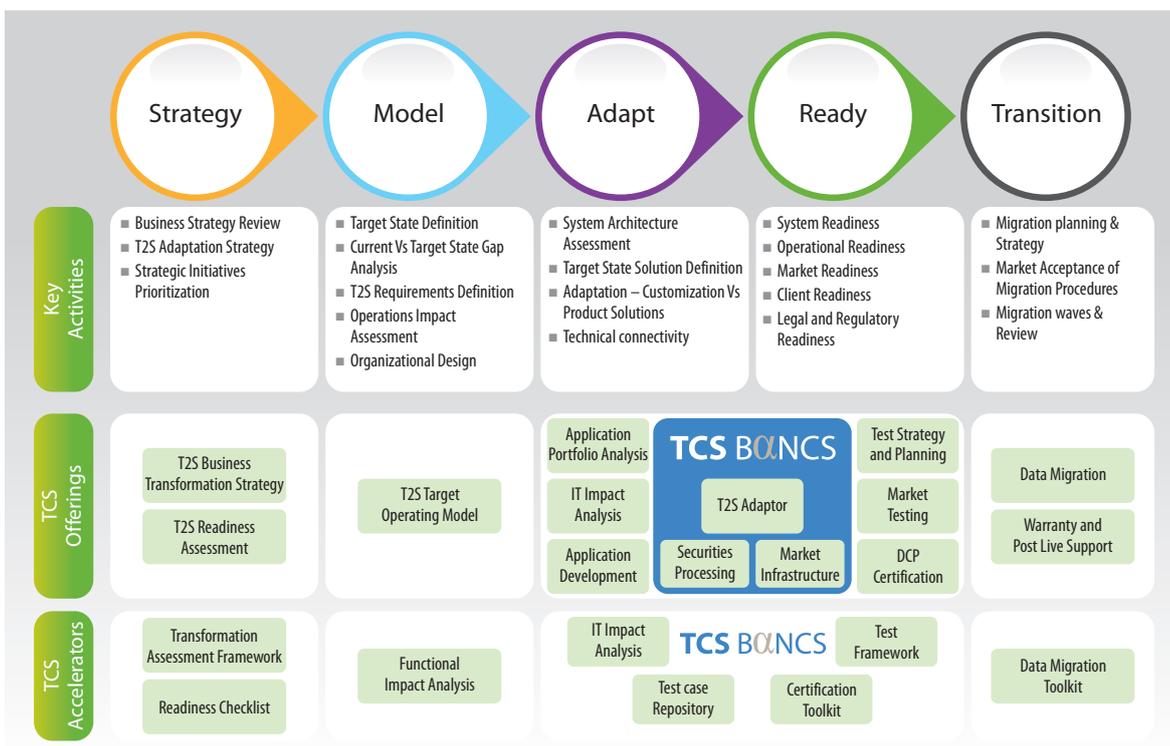
T2S intends to create a single, borderless pool of European Securities and significantly reduce the cost of cross border settlements in Europe.

T2S brings a plethora of challenges for CSDs and Custodians. These include:

- **Building** an agile business model for adoption of new products and service offerings
- **Enhancing** the business value of IT infrastructure for cost containment and better margin realization
- **Minimizing** the impact of T2S adaptation on client community to differentiate from competitors
- **Rolling out** an integrated settlement system in multiple phases
- **Ensuring** interoperability with other pan-European entities participating in T2S
- **Achieving** quality assurance objectives of the organization within T2S user testing timelines

By far one of the largest initiatives in the market infrastructure landscape of Europe, T2S has led most CSDs and Custodians to a crossroads mandating business transformation of various scales.

Though adaptation to the T2S platform is the immediate imperative, innovation is a more critical, long term challenge forcing players to look at horizontal business expansion. New business strategies around collateral and liquidity management, building new service delivery competencies such as in the arenas of transfer agency services, repo, securities, lending and borrowing services, as well as strategies to enter new markets are a few prominent innovations being contemplated by many CSDs and Custodians.



Our Offerings

We understand that CSDs and Custodians are at different stages in the T2S transformation journey. We offer a range of consulting, solutions and IT services that enable you as a CSD or a Custodian to achieve an efficient and smooth transition to the T2S platform.

We have conceptualized a blueprint outlining the critical activities that you as a CSD or a Custodian need to undertake at different stages - of the T2S transformation program. This blueprint - Strategy, Model, Adapt, Ready and Transition - has been crafted based on our extensive experience in successfully executing market transformational initiatives across the globe.

We provide the right combination of consulting, products and IT services for each stage of the transformation program, a bouquet of offerings that

truly underscores our unique multi-dimensional strengths.

For those of you who are embarking on the T2S project, we can help right from defining the strategy to designing the solution and delivering an integrated settlement system. Others, who have started the program, may want to choose from the bouquet of offerings that best suits their needs.

Strategy

As a CSD or a Custodian, your first move would be the assessment of the evolving European post trade market infrastructure and defining the business model for 2020 and beyond. You can leverage the following offering from us. In case you have already progressed, we could provide an 'outside -in view' of your business strategy.

- **T2S Business Transformation Strategy:**
Focuses on the first step of the transformation journey. It enables a review of an organization's strategy and existing business model with the objective of defining the T2S adaptation strategy. The assessment involves analysis of the post trade market infrastructure which would be impacted by regulatory, harmonization and consolidation initiatives and intense competition foreseen post T2S. This offering will also facilitate prioritization of strategic initiatives based on inter-program dependencies and risk assessment.
- **T2S Readiness Assessment:**
Helps ascertain the readiness of your organisation for T2S transformation and bring the right focus on the planning process

Model

As a CSD or a Custodian you may want to leverage the opportunity to develop a robust target operating model with business process improvements that strengthens the T2S program. You can bank on our following offering:

- **T2S Target Operating Model Definition:** Builds on the T2S adaptation strategy and defines the target account structures and business process models. The offering includes design of adapted business process flows and technology agnostic functional components based on harmonized procedures for securities settlement, T2S settlement toolkit and helps comply with legal and regulatory requirements.

Adapt

A key challenge you may face is to design an optimal solution in terms of IT systems and draw up a roadmap. Enhancing the business value of your IT systems and infrastructure will be an important objective. Also, this is a time when you can define the target state technical architecture for your organization. You can rely on our following offerings:

- **IT Application and Portfolio Rationalization:**
Encompasses system architecture assessment, reshaping of settlement application portfolio and evaluation of options for system customization versus purchase of readymade packaged solutions, target state application landscape definition and roadmap for transformation.

You could opt for a product solution to quicken the pace of adaptation or re-engineer the settlement system across geographies. The TCS BaNCS suite of products includes multi-asset class, multi-market enabled, ready-to-deploy solutions for CSDs and Custodians. The componentized architecture of these solutions specifically aims at enabling easy business transformation in your organization.

- **TCS BaNCS T2S Adaptor:** This has been specifically designed for CSDs whose strategy is to retain the existing systems. Our adaptor is ISO20022 compliant and will seamlessly integrate with your existing systems to handle the entire range of T2S business functions such as:
 - Maintaining T2S specific reference data including hierarchical account structures
 - Enabling T2S core and supporting settlement functions
 - Reconciling with both T2S and Core Settlement Systems
 - Providing message conversion services, from ISO15022 to ISO20022, to ensure easy integration with existing settlement systems

The adaptor is enhanced by specific value adding components like collateral management, RTA services, repo, pledge and other services which can be cherry-picked to suit your long term strategy.

- **T2S enabled TCS BaNCS Securities Processing:**
The solution provides a full range of securities

processing functions for Custodians ranging from trade execution to confirmation, settlement and accounting. In addition, the solution fully supports T2S business functions for Custodians.

■ **T2S enabled TCS BaNCS Market Infrastructure:**

The solution supports the entire gamut of operations for depository services, trading, CCP clearing, OTC services and Registrar & Transfer Agency services. It provides full coverage for T2S business functions needed by CSDs.

In case your approach is to leverage your existing IT portfolio, you can choose from the following offerings.

- **IT Impact Analysis Service:** Impact analysis of your IT portfolio can be accelerated using our 'Functional Impact Analysis toolkit' for efficient T2S adaptation
- **Application Development and Enhancement Services:** You can count on our strong experience in the application development and enhancement services areas, and domain understanding of the European capital markets landscape to deliver tailor-made solutions within budget and on time.

Ready

The next step is to focus on the readiness aspect with regard to operations, systems, market, client, and legal and regulatory compliance. This will ensure consistency, reliability and interoperability of the T2S-enabled solution within the T2S community. Certification of Custodians by CSDs for direct connectivity is another requirement for readiness. Our offerings to help you achieve readiness are as follows:

- **Test Strategy and Planning:** Assists you in preparing your test strategy for T2S adaption covering various cycles including connectivity tests, market testing and certification tests aligning with the overall T2S calendar.
- **DCP Certification:** Provides pre-built certification packs as certification is mandatory for all directly connected participants (DCPs).

- **Market Testing:** Leverages best practices and minimizes effort for the extensive market testing exercise

Transition

You need to be prepared not only for migration to the T2S platform but also for navigation of the three waves that have been planned by the European Central Bank. At this stage, you would be implementing the new domestic and cross border settlement procedures and sealing agreements with other CSDs, Custodians and clients. Migrating the existing application systems and transactional data to a T2S-enabled platform will culminate the process of transition. For a smooth transition to the T2S platform, you can leverage the following offering:

- **TCS Migration Strategy:** Smooth migration to T2S platform is essential to minimize business impact. We can assist you in the overall migration strategy and complement the migration tools offered by the T2S platform to ensure this.

Benefits

- **Gain competitive advantage** by minimizing impact of adaptation changes on customers, and build new service offerings with **reduced time-to-market**
- **Rationalize your investments** with optimal solution selection and **lower running and maintenance costs** of the target system
- **Address critical T2S program dimensions of time and complexity** with our comprehensive offerings and program **accelerators**
- **Mitigate risk of non-compliance** with pre-defined T2S transition waves using our **best practice guidelines** for IT customization, integration and migration
- **Ensure 'business-as-usual' for your organization** before, during and after adaption to T2S

The TCS Advantage

- Global capital markets expertise providing cutting edge solutions across 53 markets across all asset classes
- Successfully executed large market transformation projects in Continental Europe, UK, South Africa, New Zealand, Kuwait, Canada, India and China
- Leading independent provider of consulting, solutions and IT services to market infrastructure organizations including CSDs
- Service 6 of the top 10 global Custodians
- Recognized as the leader in Capital Markets Application Outsourcing – Everest PEAK Matrix
- Significant investments in the T2S initiative. Executed early engagements in T2S including engagements associated with the T2S platform



Contact

To know more about TCS T2S End-to-end Offerings, contact bfs.marketing@tcs.com

About Tata Consultancy Services Ltd (TCS)

Tata Consultancy Services is an IT services, consulting and business solutions organization that delivers real results to global business, ensuring a level of certainty no other firm can match. TCS offers a consulting-led, integrated portfolio of IT and IT-enabled infrastructure, engineering and assurance services. This is delivered through its unique Global Network Delivery Model™, recognized as the benchmark of excellence in software development. A part of the Tata Group, India's largest industrial conglomerate, TCS has a global footprint and is listed on the National Stock Exchange and Bombay Stock Exchange in India.

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IT Services Business Solutions Consulting

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