

TARGET2-SECURITIES

National Users Group (NUG)

Madrid, 24 November 2016 – (9:30-11:30 AM). Europa Meeting Room

1. Introduction

The chairman welcomed the attendees and reported on the following topics:

- From the migration of the Spanish market to T2S, the settlement of the cash resulting from the Spanish public debt auctions can take place in the cash accounts of the participants opened at the Banco de España, the European Central Bank or another Central Bank of a Member State of the European Union whose system is connected with the system of Banco de España within the framework of the European System of Central Banks. To this end, it has been taken into account that most of the EU markets follow this practice and, thus, the harmonization is favored. In addition, it facilitates the participants in centralizing the liquidity in a single cash account for the settlement of all their securities transactions in T2S. It was also remarked that the analysis of the measures to apply to the participants in the auction in the event of non-compliance with their payment obligation is pending.
- Regarding the public debt market and given the urgency of knowing if the requirement that primary dealers shall hold a proprietary account in Iberclear is maintained, or if they are allowed to have an individual account, the president urged the participants to expose their concerns to the Treasury in the meetings with the primary dealers. The CNMV reported that it will propose this change to the Treasury.

The participants also pointed out the need to amend article 67.3 of RD 878/2015, allowing Iberclear's participants to hold their securities in their proprietary accounts or in the individual accounts in their name opened by other participant.

2. TARGET2-Securities status update

The following topics were reported:

- The T2S platform is operating smoothly after the migration of the ESES CSDs group. However, a concentration of operations at certain times of the day (SoD, EoD) has been observed. This aspect is being analyzed by the Operational Management Group (OMG).
- The last meeting of the AG in its current composition will take place on 30 November. The current groups maintained by the Eurosistema with the market in the field of securities infrastructures and collateral (AG and COGESI) are going to be replaced by a single group - AMISeco - Advisory Group on Securities and Collateral. The T2S NUGs continue to play a prominent role in T2S and will also address other issues in the field of securities infrastructures and collateral. The NUG considers that the Spanish market should be properly represented in the new group AMISeco.

The agenda of the November AG will include information on the work of the European Post-Trade Forum, which is expected to publish a consultation report at the beginning of 2017. The semi-annual T2S harmonization report will also be published at the beginning of 2017.

3. CSG status update

Jesús Benito presented a summary of the topics addressed in the CSG, among which he mentioned the following:

- The analysis of the OMG and the direct connected participants on the concentration of operations at the end and start of the day and its impact on the T2S platform.
- The impact of the new volumes of the wave 4 on the platform.

Adaptation status in Spain:

4.1. Iberclear

a) Project status

The fixed income PTI and supervision manuals, as well as other documents, including the one for the migration of the directly connected participants, will be published at the end of the year.

Regarding the developments of Iberclear, a level of 70% is reached. There is a slight delay in the internal testing, but the key dates are met (the opening of the test environment for entities on 24 October, and the availability of the environment for sending instructions on 11 November). Regarding the participants, 61% started the testing, although with different levels of progress.

One participant requested clarification regarding the applicability of the matching criterion “client of the counterparty” (Party 2) in the Iberclear manual. Iberclear was also requested not to apply the obligation to communicate the type of operation at the time of entry into T2S, although for the purposes of the PTI this information is sent. At the moment, other CSDs don't require this information, which is included in the CSD Regulation.

b) Support to participants

Documentation for testing was published at the end of November. The testing calendar is aligned with the documentation delivery plan.

The next workshops, focus on corporate events, will take place on 12 and 13 December.

Iberclear reported on the meeting held with the ECB, in which Banco de España also participated, where Iberclear pointed out the convenience of starting the daily activity tests as of March 2017. The ECB took in principle a favourable approach to the proposal.

4.2. BME Clearing

a) Project status

BME Clearing is already in operation for equities business in the testing environment.

It was reported that EuroCCP published its T2S adaptation document. In general, the schedules and communication flows are consistent with BME Clearing, except the timing for the release of transactions.

4.3. Banco de España

a) Support to participants

It was recalled that 1 December ends the deadline to apply for a direct participant connection in U2A for cash accounts. An info session on testing will take place in January.

5. Fixed Income: adaptations T2S/MIFIDII

AIAF made a presentation on the changes in the fixed income operations derived from the MiFID II as of January 2018. Specifically: the way in which participants negotiate their operations with each other and with their clients; improvement of the transparency in pre- and post-execution markets; and increased reporting and information systems to supervisory authorities.

6. Participants: tour de table

The participants informed about their adaptations for the T2S migration, with different levels of progress, and some of them confirmed that they are already testing.

7. Any other business

The next meeting is scheduled on 19 December at 9:30 am.

The presentations used during the meeting are available on the Banco de España website:

http://www.bde.es/bde/en/areas/sisPago/Sistemas_de_comp/TARGET2-Securiti/Documentacion_de_trabajo.html

Annex. Participants in the XXXI Meeting of the Spanish National User Group, 24 November 2016

Participants. Group Members

Javier Alonso Ruíz-Ojeda
Jesús López Pedruelo
Montserrat Jiménez
Javier Ruíz del Pozo
María José Ausejo
Jesús Benito
Jaime Silió
Laura Puente
Mercedes Irigaray
Xavier Aguilá
Julio Alcántara
Ignacio Santillán
José Luis Rebollo
Alexis Thompson
Fernando García
María Ángeles Marina
Inmaculada Andrade Valderrama
María José Teva
Neus Martí Audí
José Luis Calleja
Maribel Cortes de Nava
Lily Corredor
Marta Lourdes de Nova
Nieves Mayorga
Carlos Luengo
María Belén Muñoz
Gema Moreno
Francisco Béjar
Rafael Gonzalez-Aller
Thomas Steinman

Institutions

Banco de España
BE/Consejo de T2S
Banco de España
CNMV
CNMV
Iberclear
Iberclear
Iberclear
BME Clearing
BME Clearing
AIAF
FOGAIN
CECA
BBVA
BBVA
Santander
Caixabank
Caixabank
Banco Sabadell
Bankia
Bankia
Ibercaja
Bankinter
Bankinter
Banco Cooperativo
Banco Cooperativo
Société Générale
BNP Paribas SS
Citibank
Deutsche Bank

Observers

Jesús Pérez Bonilla
Fernando Castaño
Luis Miguel Rodríguez Caramelo
José Peña

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