

TARGET2-SECURITIES

National User Group (NUG)

Madrid, 27 January 2017 – (9:30-11:30 AM). Europa Meeting Room

1. Introduction

Javier Alonso, who has been appointed Deputy Governor of Banco de España, introduced Juan Ayuso, the new General Director of Operations, Markets and Payment Systems, as the new president of the T2S National User Group.

The president welcomed the attendees. He indicated that the joint message, distributed by the CNMV and the Banco de España to the Coordination Committee and to the T2S NUG on January 9th, intends to give indication to the participating institutions in order to move forward with their adaptations. Nevertheless, he remarked that the legislative reforms are under the responsibility of the Government or the Treasury, not of the CNMV nor the Banco de España.

2. Eurosystem updates:

T2S is working satisfactorily. The daily settlement volume in December was around 250,000 transactions. The distribution between night and day cycles was around 59% and 41%, respectively. The percentage of transactions in the night cycle, significantly reduced after the third wave migration, seems to be recovering. The settlement, in terms of value, in the daily cycle was about 70%. The percentage of cross-border settlement remains very low (below 1%).

The working groups that are currently analyzing the platform behavior confirmed that T2S has returned to the same level of stability achieved before the third wave migration. The Eurosystem implemented a number of improvements in order to increase the technical capacity and to enhance the optimization of the critical processes that take place at the start and the end of day.

Wave four' markets have confirmed they are ready for their migration on the weekend 4-5 February and they do not need another rehearsal migration weekend.

Finally, Euroclear Finland communicated it will not be able to migrate on the last wave. Currently, it is not yet known by when it will be ready to migrate. Nevertheless, Euroclear Finland is still committed to the T2S project and will continue to work with the ECB and with its community in order to assess alternative schedules. The planned dates for the last migration wave, which includes Iberclear and the Baltic CSDs, remains unchanged.

3. Adaptation status in Spain

3.1 Iberclear

a) Project status

Work is progressing according to schedule, even though there is no room for delays. Regarding the degree of internal development, Iberclear reported that it is approximately 80%. During the second half of February a meeting with the ECB T2S team will take place to reaffirm the Spanish market intention to migrate on time.

On 12 January, a meeting with AFME was held in London where the solutions envisaged affecting remote participants (the cash account for the Public Debt auctions and the obligation to hold the entity own securities in a proprietary account) were presented.

b) Participants' support plan

A new migration document was published on 26 January and the publication of a specific document for the March migration test is planned for next week. The migration workshop is delayed by one week and it will take place in early February.

The delay of the testing of Block II is caused by the release on 27 January, which implies internal tests of the module by Iberclear.

The homologation testing period of the participants has already started and Iberclear will send periodic reports to the entities on their status.

3.2 BME Clearing

a) Project status

BME Clearing pointed out that the change in the hold/release functionality is already in the testing environment for the participants. It was also indicated that the migration of pending operations will be carried out by BME Clearing without the intervention of the members.

3.3 Banco de España

a) Support to participants

The calendar with the next milestones was presented: i) the eighth info session will be held on January 17th; ii) the deadline for submitting the final legal documentation and the production forms ends in February; iii) the connectivity to T2S (DCAs) in the testing environment starts on 13 February; and (iv) community tests will begin in March.

Participants were reminded that testing planning activities will last from February to September, including the months of July and August. It was also remarked that the connectivity to the production environment starts on 8 May and the pre-migration on 26 June.

Banco de España will send an individualized mail to the participants indicating the tests that they have to carry out. The obligatory specific tests for the participants involved in operations with Banco de España will start in May.

3.4 Participants: tour de table

Participants reported on the status of their adaptations to T2S. The development rates increased compared to the previous month.

The importance of undertaking the necessary legislative changes as soon as possible was pointed out. The three issues relating to the public debt market might be addressed separately, if possible, in order to progress with those amendments that do not require legislative changes.

The participants were generally satisfied with the operation of the Iberclear UCR and requested to be informed of the errors detected by the system as soon as they are recorded to avoid repeating errors in the tests and to save time.

The importance of coordinating tests as soon as possible was pointed out, as well as knowing the progress made by the foreign CCPs and trading platforms (EuroCCP, LCH.cleartnet SA, LCH.Cleartnet.Ltd and EuroMTS) in their adaptations.

Regarding the volumetric tests scheduled in August 2017, some entities requested to bring them forward to be prepared on time. Iberclear informed that this matter is being discussed with the ECB.

Some participants also noted that the lack of availability or slowdown of testing environments has an impact on the progress of their tests.

4. Fixed income securities: T2S/MIFID II updates

AIAF provided information on the future structure of the AIAF market. The execution and communication of the transactions through the market will avoid the qualification of systematic internaliser and the members will be exempt of the information obligations.

5. Questions and answers

The next meeting is scheduled on the 2 or 3 March (to be confirmed).

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 XXXIII Meeting of the Spanish National User Group, 27 January 2017

Participants. Group Members

Javier Alonso Ruíz-Ojeda
Juan Ayuso
Carlos Conesa
Montserrat Jiménez
Javier Ruíz del Pozo
Victor Cabeza Yus
Ana Puente
Jesús Benito
Jaime Silió
Laura Puente
Mercedes Irigaray
Xavier Aguilá
Julio Alcántara
Ignacio Santillán
Pilar Clavería
José Luis Rebollo
Francisco Javier Planelles Cantarero
Alexis Thompson
Fernando García Rojo
Ana Martín Espinaco
Amadeo Lázaro Fernández
Claudio Sancho Corrales
Inmaculada Andrade Valderrama
María José Teva
Laia Gracia Carles
José Luis Calleja
Maribel Cortes de Nava
Marta Lourdes de Nova
Nieves Mayorga
Carlos Luengo
María Belén Muñoz
Rafael González-Aller
Lily Corredor
Norma Clemente
Francisco Béjar
Thomas Steinman

Institutions

Banco de España
Banco de España
Banco de España
Banco de España
CNMV
CNMV
D.G. del Tesoro
Iberclear
Iberclear
Iberclear
BME Clearing
BME Clearing
AIAF
FOGAIN
AEB
CECA
CECA
BBVA
BBVA
BBVA
Santander
Santander
Caixabank
Caixabank
Banco Sabadell
Bankia
Bankia
Bankinter
Bankinter
Banco Cooperativo
Banco Cooperativo
Citibank
Ibercaja
Société Générale
BNP Paribas SS
Deutsche Bank

Asistentes. Observadores

Jesús Pérez Bonilla
Fernando Castaño
Luis Miguel Rodríguez Caramelo
María José García Ravassa
M^{ra} Ángeles Colombás
José Peña

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