

TARGET2-SECURITIES

National User Group (NUG)

Madrid, 25 May 2017 (09:30-11:30 AM). Meeting Room “Salón de los 40”

1. Introduction

The Chair welcomed the participants.

2. Eurosystem updates

The T2S platform operates smoothly and the volume of daily volumes processed in April remain similar to those of March. Around 500,000 transactions were settled daily, with an average value of 781 billion.

The daily incidences, usual during the stabilization period after the migration, are properly solved.

An AMI-SeCo workshop was held in Banco de España on 11 May. The aim was to know the market view on a possible change in the Eurosystem collateral mobilization policy. The possibility of limiting the receipt of collateral for Eurosystem credit operations in the securities accounts that central banks have in the CSDs in T2S is being analyzed. The ECB has distributed a questionnaire to AMI-SeCo members to gather more information about the impact of this possible change. The NUG will be updated on this issue in next meetings.

3. Adaptation status in Spain

3.1 Iberclear

a) Project status

The agreed deadlines were met in the May migration weekend dress rehearsal (MWDR) and the accumulated delay was recovered before the end. On the detected failures, some are related to the test environment and cannot occur in the migration process. The detailed report on the outcome of the MWDR was published on 24 May.

The main concerns are the delay in the approval of the regulatory changes and difficulties in the testing of some corporate events. All events are expected to be available for testing in mid-June. Difficulties have also been spotted out in the tests with linked CSDs, since the CSDs that have to provide counterpart are not in the test environment. Iberclear has contacted Euroclear France to try to introduce transactions on its behalf.

Iberclear asked the entities to participate actively in the MWDR of June.

Regarding the documentation:

- The updated manual of procedures will be published next week.
- The updated migration document was published the week of 18 May.
- The document on the results of the May MWDR was published on 24 May.
- The detailed document of the MWDR of June is already published.

Iberclear is reviewing the fee proposal after meeting with the CNMV, the Banco de España and the participants. In the next weeks, a second round of meetings will be held. Iberclear is in contact with 6% of the entities that have not been approved in Block I and does not consider it a risk for the project. Respect to Block II, only 18% of the entities are certificated. Entities were urged to carry out the certification on time.

b) Participants support plan

With regard to the results of the migration test, 69% of the ARCO participants confirmed the balances in time. In CADE, only 36% of the participants confirmed the balances. The change requested by the participants to facilitate reconciliation of balances in corporate events (MT566) cannot be implemented by the time of the migration to T2S and will be implemented later. A number of issues identified in May MWDR will be corrected for the June MWDR, such as the configuration of static data, references that have not been correctly migrated, cancellation of operations, etc.

The level of participation of the entities and infrastructures in the business day tests is 62%.

3.2 BME Clearing

a) Project status

The operation of the CCP was tested and the liquidity needs were analyzed. It was reported that the removal of the 2AM aggregation window is being analyzed. Due to the lack of partial settlement during night time, it is not considered useful. A written proposal will be sent to the ECC Group so that the entities can assess it.

There were some transactions (FTL + 1) that were not copied during the MWDR. The issue will be rectified for the next MWDR by making the copy at 18.00h.

3.3 Banco de España

a) Support to participants

The status report was presented. It was recalled that the tests of the electronic procedure for the pledge will start on the 6 of June.

4. Participants: tour de table

EuroCCP assessed the MWDR positively and confirmed its participation in the June test. They will also require its clients to participate.

Participants reported on the MWDR, on the status of their certification tests and their adaptations to T2S migration. In general, they were satisfied with the tests, although they considered that the participation in the business day tests was too low. Iberclear was requested to inform participants as soon as they know them about the errors identified during the MWDR.

Among the main concerns of the entities, the delay in the publication of the legislative changes that prevents the definition of the structure of accounts was raised.

The Banco de España confirmed that the securities resulting from the public debt auction process will be annotated in the autocollateralization sub-balance. After the migration, taking into account the experience, it could be analyzed if this configuration is maintained. The CNMV informed that the distribution to the clients of the securities resulting from a public debt auction will be through OTC transactions that must be communicated in the transaction reporting.

The Treasury representatives reported on the status of regulatory changes. It is expected that the changes in Law 41/1999 will be approved shortly. The internal procedure of the Royal Decree amending Royal Decree 878/2015 is well advanced and it is confirmed that the content remains as agreed. Work is being done on the draft amendment to the Resolution of July 20, 2012, of the General Secretariat of the Treasury and Financial Policy, which establishes the rules for the public debt market makers. It will soon be sent to the market makers for comments. Participants requested the Treasury to distribute the draft also to the T2S NUG.

5. Questions and answers

6. Dates for the next meetings

The next meetings are scheduled on 26 June, 20 July and 31 August.

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 XXXVII Meeting of the Spanish National User Group, 25 May 2017

Participants. Group Members

Juan Ayuso
Carlos Conesa
Montserrat Jiménez
Javier Ruíz del Pozo
María José Ausejo
Ana Puente
Rosa Moral
Jesús Benito
Jaime Silió
Laura Puente
Mercedes Irigaray
Xavier Aguilá
Julio Alcántara
Albert-Jan Huizing
Suleyka Reeder
Ignacio Santillán
Pilar Clavería
José Luis Rebollo
Zaneida Voces
Alexis Thompson
Fernando García Rojo
Marcos Santos Centenera
Claudio Sancho Corrales
Juan Carlos Colinas Jiménez
Alberto Orce Manchón
Inmaculada Andrade Valderrama
María José Teva
Neus Martí
José Luis Calleja
Maribel Cortes de Nava
Marta Lourdes de Nova
Nieves Mayorga
Carlos Luengo
María Belén Muñoz
Lily Corredor
Rafael González-Aller
Gema Moreno
Francisco Béjar
Jose-Antonio Aldama

Institutions

Banco de España
Banco de España
Banco de España
CNMV
CNMV
D.G. del Tesoro
D.G. del Tesoro
Iberclear
Iberclear
Iberclear
BMEClearing
BMEClearing
AIAF
Euro CCP
Euro CCP
FOGAIN
AEB
Cecabank
Cecabank
BBVA
BBVA
Santander
Santander
Banco Popular
Banco Popular
Caixabank
Caixabank
Banco Sabadell
Bankia
Bankia
Bankinter
Bankinter
Banco Cooperativo
Banco Cooperativo
Ibercaja
Citi
Société Générale
BNP Paribas SS
Deutsche Bank

Observers

Jesús Pérez Bonilla
Fernando Castaño
María José García Ravassa
María Teresa Arráez González
Anca Parau

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