

TARGET2-SECURITIES

National User Group (NUG)

Madrid, 27 March 2017 (10:00-12:00 AM). Europa Meeting Room

1. Introduction

The Chair welcomed the participants, in particular the representatives of EuroCCP who join the NUG.

With regard the fulfillment of the “party 2” matching field, it was recalled that the agreement was to follow the Manual of Iberclear for not delaying the migration to T2S. After the migration the Spanish market will review the issue and agree on how to proceed in the context of the matching field analysis, which is expected to take place in the T2S groups.

It was reminded that the public consultation on the amendment of Royal Decree 878/2015 finalizes on 27 March.

2. Eurosystem updates

The Governing Council of the ECB approved on 24 March to publish the information on T2S financial statements for the year 2015. This information will be updated periodically. The publication will take place, together with the T2S annual report, during the second quarter of 2017.

As for the migration of Euroclear Finland, there are not updates and the migration date to T2S is unknown.

3. Adaptation status in Spain

3.1 Iberclear

a) Project status

The assessment of the first community test migration weekend was very positive. Improvements in the Block II certification will be introduced. Among other things, measures have been taken to improve the support offered from the UCR.

On March 20, the Block II was delivered except for the reconciliation of positions and instructions at the end of the day, which was delayed until March 31. The updates of the Procedure Manual and the migration document will be published this week, as well as the details of the March test results.

In the March migration weekend dress rehearsal (MWDR) all the tasks were finalized. 74% of the participants gave their approval to the CADE and/or ARCO balances and 99% of the positions migrated to T2S. Several issues were identified to be improved for the upcoming MWDR, such as the possible parallelization of processes.

Regarding the definition of the upcoming MWDR scheduled for 6 and 7 May, a similar configuration is expected. The production situation of the previous Friday will be copied. Business day tests are expected to be performed with dummy data, without including volumetric tests. More information will be sent to the participants this week.

Some participants requested a test similar to those carried out in the first phase of the reform. Iberclear and some other participants consider that both tests are not comparable in the scope of the infrastructures, the actors involved and the T2S dependence. It was agreed that the participants will analyze with Iberclear the different options to reach a compromise without jeopardizing the planning and the development of the tests. Some participants indicated that their clients were not going to be involved in the test and they can't simulate their operation, so it is necessary to maintain their voluntary nature.

On the coordination of tests between Iberclear and Banco de España, the participants were informed that the calendar is being defined.

b) Participants support plan

Regarding the tests of block I, 68% of the participants are carrying out certification tests. Regarding the ongoing tests, 51% are certificated, which represents a still low percentage.

As for the questionnaire distributed to the participants on the status of the project, 52% of them answered, indicating that they plan to comply with the planned migration planning. Only 14% of the participants indicated that they are not completely in line with the planned schedule. Regarding the preparation of their clients, 78% of participants indicated that they are prepared.

The documentation of Block II is completed and the next delivery will be that of Block III.

Regarding the MWDR, several participants pointed the negative impact of the last-minute changes in the planning of the migration weekend hours. Iberclear indicated that the schedules are indicative and are adjusted to optimize the different phases.

3.2 BME Clearing

a) Project status

One of the objectives of the MWDR was to study the liquidity needs that may result from the change of the T2S settlement algorithm. It was not possible to make a complete analysis owing to the lack of cash available in the accounts of some entities.

The new system adapted to T2S for the fixed income worked as expected during the tests.

EuroCCP reported that it participated in the MWDR but not its clients as they were not ready. It expects that their customers will be able to participate in the test scheduled for May. On March 20, they published the service description manual. The adaptations of the internal system and the report to the PTI are being carried out in compliance with the deadlines.

The participants highlighted that the participation of LCH.Clearnet. SA, LCH.Clearnet.Ltd, BrokerTec and EuroMTS in the next community tests is key due to the volume of fixed income securities that they manage. The CNMV is in contact with them. The Bank of Spain and the CNMV were requested to ask for confirmation from central counterparties and foreign trading platforms that they are ready for the tests and inform the Spanish GNU periodically.

3.3 Banco de España

a) Support to participants

It was reported that 94% of the legal documentation received is compliant. As for static data, 98% is uploaded.

4. Participants: tour de table

Participants reported on the status of their certification tests and adaptations to T2S migration, with an increase in the development rates compared to the previous month.

They asked if the transfers from the individual account to the third party account for the distribution of the securities, as a result of the public debt auction, will be considered as OTC transactions in the transaction reporting to be sent to the CNMV. The CNMV will analyze the issue.

It was also asked if it would be possible to transfer the securities from the general account to the individual pledged account without using an individual account after the migration to T2S. The framework and the configuration of the accounts were described in the last TARGET2 workshop, held on March 3 at the Bank of Spain, and it was indicated that an individual account has to be used.

5. Other issues: AMISeCo

The Group was informed about the non-compliance report on harmonization standards presented during the AMISeCO meeting of 6-7 of March and about the survey on compliance with the settlement finality law.

The possible Eurosystem initiative, European Issuance Service project, was reported, that is initially foreseen for the issuance of the ECB and supranational bodies debt.

6. Questions and answers

Iberclear informed that the rates proposal will be available after Easter.

The importance of coordinating the dates of the corporate events in order to avoid the date of T2S migration or the next days was highlighted.

7. Dates for the next meetings

The next meetings are scheduled on the 21 April and 25 May.

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 XXXV Meeting of the Spanish National User Group, 27 March 2017

Participants. Group Members

Juan Ayuso
Carlos Conesa
Montserrat Jiménez
Javier Ruíz del Pozo
María José Ausejo
Jesús Benito
Berta Ares
Laura Puente
Mercedes Irigaray
Xavier Aguilá
Julio Alcántara
Albert-Jan Huizing
Suleyka Reeder
Ignacio Santillán
Pilar Clavería
José Luis Rebollo
Alexis Thompson
Daniel Saeta
Ana Martín Espinaco
Amadeo Lázaro Fernández
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
José-Antonio Aldama

Institutions

Banco de España
Banco de España
Banco de España
CNMV
CNMV
Iberclear
Iberclear
Iberclear
BME Clearing
BME Clearing
AIAF
EuroCCP
EuroCCP
FOGAIN
AEB
Cecabank
BBVA
BBVA
BBVA
Santander
Caixabank
Caixabank
Banco Sabadell
Bankia
Bankia
Bankinter
Bankinter
Banco Cooperativo
Banco Cooperativo
Ibercaja
Citibank
Société Générale
BNP Paribas SS
Deutsche Bank

Observers

Jesús Pérez Bonilla
Javier Claros
Mayte Arráez
María Ángeles Colombas
José Peña

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