

Madrid, 11th of February 2016

TARGET2-SECURITIES National User Group

1 Introductory remarks

The Operations, Markets and Payment Systems General Director, Mr. Javier Alonso expressed his gratefulness to the Spanish market participants for the effort made in the first phase of the reform and invited them to allocate the necessary resources for the second phase, as the first phase is very advanced.

The chairman informed about the GNU role in the second phase and indicated that there will be more frequent meetings to coordinate the migration process. He proposed a monthly meeting, starting from May.

2 Update on the status of the project

Concerning the T2S platform, it runs smoothly with five CSDs already in production. It was noted the low number of incidents since the T2S go-live in June 2015, and the difficulties in the Euroclear Group testing activities. The T2S Board is continuously monitoring the platform performance.

The tentative new migration plan, agreed by the CSD Steering Group in January, was presented to the Spanish entities and it is expected that it will be approved by the Governing Council in March.

Information was also provided about the discussions on the different change requests and the composition and dates for the new software releases.

In addition, with reference to the “T2S Info Sessions”, it was communicated that, from now on, the sessions scope will be extended (to be called: “Focus Sessions”) in order to deal with topics related to market infrastructures in general and not only to T2S. These sessions will be held in different central banks and the first will be in Madrid in April.

3 Reporting on the latest activities of the CSD Steering Group (CSG)

Jesús Benito debriefed the GNU about the topics dealt at the CSG meeting held on the 22nd of January. Among other topics, the CSG discussed the outcome of the migration weekend testing activities of the ESES Group. In the CSG Euroclear and the ECB shared a common view on the positive result of the migration weekend tests. Referring to the analysis on interdependencies among CSDs, the main interdependence was between Euroclear and Clearstream.

The CSG also discussed the scope of the software releases version 1.1.5 and 1.2, linked to the third and fourth migration waves. It was mentioned that the implementation of these versions impacts on the CSDs already in production.

4 Current state of adaptations to T2S

4.1 Spanish market (tour-de-table)

The NUG members informed about their adaptations to T2S, linked to the developments in the context of the second phase of the Spanish reform and for the migration to T2S. Several members highlighted that their institutions had already allocated the necessary resources or were immersed in the process to do so. In general, agreement was reached on the need to discuss the functional documentation, the plan for the second phase of the reform and the migration to T2S.

4.2 Iberclear

The Iberclear's teams have been working in parallel for both Spanish reform phases. The document that identifies the differences between the systems CADE, ARCO and ARCO II was delivered in November 2015 and the Manual of Procedures for the second phase was published in December 2015. Iberclear confirmed that it has continued allocating the resources for the second phase, despite the delay for the first phase, and invited to the entities to devote the necessary resources to participate in the technical groups that will be organized to review the Manual of Procedures. Support from the Banco de España was also required in order to review the documentation and make progress on the necessary activities for the migration to T2S.

4.3 Banco de España

Banco de España is in production since the migration of Monte Titoli providing support to the Spanish entities having dedicated cash accounts in T2S. The internal adaptations of the Banco de España for other functionalities, like the auto-collateralisation, are already accomplished, although these will not be in production until the migration of Iberclear. The NUG members were informed that Banco de España foresees to organize new information sessions with a view to support the entities in the T2S adaptations from a cash perspective. The meeting dates will be agreed gradually in parallel to the testing activities. There will be an info session on the 8th of March. It was also highlighted that, with the new dates of the migration waves, there is still some extra time to apply for the A2A direct connectivity for the cash.

5 T2S in operations

T2S platform is running smoothly, except for just a few isolated incidents. The Service Desk is fully operative and the Settlement Managers and Crisis Managers participate in the daily operations, according to the Manual of Procedures.

The NUG members were informed about the dates established for the foreseen migration weekends testing activities, including the results of the 30-31 January weekend devoted to Euroclear (bilateral testing without its community). The NUG was also informed about settlement efficiency indicators, average daily volume settled in the platform, and also details about punctuality and availability of the services.

6 Evolution of the settlement volumes

The evolution of settlement volumes in the second half of 2015 was presented based on the information received from the CSDs. There is a decrease compared to the first half of 2015, although in total 2015 figures represent an increase of 1% with respect to 2014. It was mentioned that the deviation from the initially expected volumes foreseen for 2015 is of -15.1%.

7 T2S harmonisation work stream

The Sixth Harmonization Report of the HSG and the Impact Analysis of non-compliance of the T2S standard by some markets will be considered for approval by the Advisory Group. The market practice “client of the CSD participant” in T2S would be discussed to reach an agreement.

Lastly, a note on harmonization activities in T2S and the interaction with the European Commission (Capital Markets Union and the European Post Trade Forum) will be delivered for approval to the Advisory Group.

8 Changes in the T2S software

The NUG was informed about the foreseen next releases in the system. Concerning release v.1.3, it was mentioned that this is the last release foreseen before the final wave and it is expected that its scope will be closed in June 2016, although the implementation date is not defined yet. With reference to that release, and considering the delay in the migration waves, it was commented that it would be prudent to have more flexibility to incorporate additional changes that might eventually be detected during the testing activities after June 2016. The scope of the release v.2.0 will be discussed in the second quarter of 2016.

9 AOB

The next Advisory Group meeting is planned on the 5-6 July 2016. The next NUG meeting will take place at the beginning of May.

The slide presentations used during the meeting will be available in 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 XXVI Meeting of the Spanish National User Group, February 11th 2016

Group Members	Institution
Javier Alonso Ruíz-Ojeda	Banco de España
Jesús López Pedruelo	Banco de España
Montserrat Jiménez de Lago	Banco de España
Jesús Pérez Bonilla	Banco de España
Fernando Castaño	Banco de España
Luis Miguel Rodríguez Caramelo	BdE / T2S Board
Bárbara Gullón	CNMV
Jesús Benito	Iberclear
Jaime Silió	Iberclear
José Luis Rebollo	CECA
Zaneida Voces	CECA – T2
Fernando García Rojo	BBVA
Marta de Alba	BBVA
Amadeo Lázaro	Santander
Claudio Sancho Corrales	Santander – T2
María del Carmen Pérez Solé	Caixabank
María José Teva Vázquez	Caixabank – T2
José Luis Calleja	Bankia
María del Rosario Bejarano Navas	Bankia – T2
Juan Carlos Colinas Jiménez	Banco Popular
Manuel Pedro Ceverino Curiel	Banco Popular - T2
Lily Corredor	Ibercaja
Francisco Béjar	BNP Paribas SS
Rosa Rodríguez Monge	Citibank
Observers	
María José García Ravassa	Banco de España-T2
Mayte Arráez	Banco de España-4CB
M ^a Ángeles Colombás	Banco de España-4CB
José Peña	Banco de España