

# TARGET2-SECURITIES

National User Group

Madrid, 29th of Junio 2016 – (9:30-11:30 horas). Room: Salón de los Cuarenta

## 1. Introductory remarks

The Chairman of the Spanish National User Group (GNU) thanked Marta de Alba (BBVA), who left the group for taking new responsibilities in its entity, its valuable contribution to the process of reform of securities clearing and settlement system.

Regarding the progress in the implementation of the 1st phase of the reform, the Chairman said that have increased the efficiency level in the settlement activity but an extra effort is needed to continue with the improvements. In relation to the second phase, there haven't been great progresses, because the resources are still being used for the implementation of the first phase.

## 2. T2S migration calendar for the Spanish market

Banco de España presented a summary of the activities to be carried out in the second phase of reform for migration to T2S in September 2017, including the expected dates for regulatory and technical modifications and for Iberclear and their community tests. According to the calendar, there should be closed some pending important issues in summer such as PTI Manual for fixed income, the Supervision Manual and the migration design.

It is also pending that banks give their conformity to the functional documentation provided by Iberclear so far. The entities were generally satisfied with it, but they need to know how are going to be closed some issues, such as the PTI and the adaptations of the remote participants to CADE system. It was reported that the issues relating to the Public Debt Market will be agreed with the Treasury.

### 1. Iberclear

#### 3.1. Iberclear progress status

Iberclear has two months making internal tests that have run normally, except some slight delay that not put at risk the project. Iberclear noted that migration to T2S can be impacted by the final design of the supervision model and PTI .

#### 3.2 . Supporting Plan

Iberclear will have two meetings with participants in July. The goal is to have better communication to meet the needs of the entities and clarify issues that require a higher level

of detail (the testing guideline, messaging templates, etc ... ). There is the possibility of establishing working groups for specific topics.

### **3.3. Outstanding aspects for the second phase-CTA**

In the Technical Advisory Committee (CTA) held on June 28 th, the topics about the delegation of means, the access of the "Direct / Indirect connected Participants and the new approach for the fixed income PTI were treated.

The CNMV reiterated that in the fixed income context it is not necessary the communication of entitlements to the PTI. The intention is to try not altering the functioning of the Spanish fixed income market. Banco de España supported this approach and said that this should not mean a delay in the migration of the Spanish market to T2S. Iberclear considers that for this objective it is necessary not changing the PTI for equities before the migration to T2S.

### **4. BME Clearing**

BME Clearing commented the impact of T2S on equity (on the settlement instructions, release instructions, messaging etc ...). They are analyzing if the loan of last resort (PUI) for equities is compatible with T2S. Regarding the fixed income operations, at first only the clearing service for simultaneous transactions with government bonds will be offered. There will not be PUI for such transactions and the operation will have to be modified to adapt it to T2S. BME Clearing will manage the instructions until their settlement on the BME Clearing accounts. This will allow the netting of the transactions, as occur with equities.

Iberclear Indicated that it is going to be reviewed the agreements established with other central counterparties (LCH and EuroCCP), giving to them the support for the necessary adaptations, like to the other participants.

### **5. Participants: Tour the table**

Although many entities are still analyzing the functional documentation, most of them confirmed to agree with functional design in general. They asked the definition of the pending issues as soon as possible, such as PTI design for fixed income, avoiding uncertainties and defining new strategies, if necessary.

Regarding the planning, they acknowledged that the current calendar is very demanding. Eleven months for testing represents a shorter period than the one for equities. Many participants consider difficult to be prepared for beginning the testing with Iberclear in October 2016, although this will also depend on the testing scope. Iberclear stressed the importance of starting the tests in October and indicated that they will start testing only basic aspect as the connectivity and static data. The entities requested more detail on the calendar and on the content of the tests and particularly on the conditions for "Direct conected participants" or for those connected through another entity.

### **6. TARGET2-Securities**

## **6.1 information on the CSG**

Jesús Benito has been reelected as CSG president for other 2 years. About the issues discussed at the last meeting, he highlighted the establishment of a new coordination group on the platform changes (Risk Management sub-group), and announced the signing of the "collective agreement" to coordinate the information to be shared in case of a participant bankruptcy. It is also under discussion the access to T2S information and he mentioned the cooperation agreement between ESMA and central banks to oversight T2S.

## **6.2 T2S running**

The functioning of T2S is satisfactory with a 100% service availability in April and May. The works on preparations for the third and fourth waves are on track. The settlement efficiency, in terms of volume, is of 97%, and of 99% in value. On average, around 100,000 transactions are settled daily in T2S. The 65% of transactions is matched in T2S and the 35% entries as already matched. The number of transactions between CSD it is still very low (0.01%). It is expected to increase after the third wave.

## **6.3 Settlement in T2S: optimization algorithm**

Given the tight agenda, this item of the agenda was left for another meeting.

## **6.4 Harmonization activities**

A summary of the harmonization status activities in each jurisdiction was presented.

## **7. Next meeting calendar**

The next meeting will be hold on 21th of July if there are progresses on the pending topics.

## **8. AOB**

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

[http://www.bde.es/webbde/es/sispago/documentacion\\_trabajo.html](http://www.bde.es/webbde/es/sispago/documentacion_trabajo.html)

**Annex. Participants in the XXVIII Meeting of the Spanish National User Group, 29 June 2016**

**Participants. Group Members**

Javier Alonso Ruíz-Ojeda  
Jesús López  
Juan Ayuso  
Fernando Castaño  
Montserrat Jiménez  
Javier Ruíz del Pozo  
Bárbara Gullón  
Jesús Benito  
Laura Puente  
Jaime Silió  
Mercedes Irigaray  
Xavier Aguila  
Julio Alcántara  
Ignacio Santillán  
Pilar Clavería  
Francisco Javier Planelles  
Marta de Alba  
Fernando García  
Amadeo Lázaro  
Claudio Sancho Corrales  
Inmaculada Andrade Valderrama  
María José Teva Vázquez  
José Luis Calleja  
Maribel Cortes de Nava  
Santiago Bayo Sanz  
Manuel Pedro Ceverino Curiel  
María Belén Muñoz  
Almudena Amor  
Francisco Béjar  
Thomas Steinman  
Gema Moreno  
Francisco Javier Casillas Díaz  
Rafael González-Aller

**Institutions**

Banco de España  
BE/T2S Board  
Banco de España  
Banco de España  
Banco de España  
CNMV  
CNMV  
Iberclear  
Iberclear  
Iberclear  
BME Clearing  
BME Clearing  
AIAF  
FOGAIN  
AEB  
CECA  
BBVA  
BBVA  
Santander  
Santander  
Caixabank  
Caixabank  
Bankia  
Bankia  
Banco Popular  
Banco Popular  
Banco Cooperativo  
BNP Paribas SS  
BNP Paribas SS  
Deutsche Bank  
Société Generale  
Bankinter  
Citibank

**Observers**

Mayte Arráez  
M<sup>a</sup> Angeles Colombás  
M<sup>a</sup> José García Ravassa  
Ana Calvache  
José Peña

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