

TARGET2-SECURITIES

National User Group

Madrid, 25th of November 2014 (10.00-12.00). Room: Europa

1. Introductory remarks

The chairman welcomed the participants of the Spanish National User Group and took the opportunity to thank Adolfo García (Santander) for his significant contribution to the NUG, as this was his last meeting.

2. Update on the status of the project

The current status of the project was presented, highlighting that the progress is in line with the foreseen schedule. Only those change requests identified as a showstopper with no workaround will be included for the first T2S software release. Once accomplished the internal testing stage, the T2S Board took the decision that the T2S Platform was ready for the start of User Testing on 1 October 2014. Information was delivered about the agreement reached on the pending issues of the T2S Manual of Procedures and about the foreseen schedule until the Governing Council approval by March 2015.

3. Reporting on the latest activities of the CSD Steering Group

The CSG is currently awaiting the T2S Programme Office to provide the Group with an explanatory note on the status of the harmonisation activity “Settlement Finality I” (SF1). In the testing context, there were also complains in the CSG about the rate at which defects are solved in T2S. Finally, the NUG was informed about the creation of a task force (under the CSG) to address the management of insolvency procedures of participants in the context of T2S.

4. Current state of adaptations to T2S

4.1. Spanish market (tour-de-table)

Participants informed about their adaptations to T2S in the first phase of the reform. Several members highlighted the need to finalize certain functional aspects of the Spanish Reform that are still open (e.g. the operational model of the “financial intermediary”) to progress.

4.2. Iberclear

Iberclear informed that its adaptations to T2S are on track according to the plan. The risk of a delay in the implementation of the first phase of the Spanish Reform (planned for October 2015) remains low. Connectivity testing has been completed, and Iberclear will be able to hold the role of System Maintaining Entity (SME) from the first migration wave onwards. No obstacles have been identified to the full compliance of harmonization standards before migration.

4.3. Banco de España

All aspects related to the adaptation of Banco de España are progressing according to the plan and without any identified risks. The NUG was informed about the key coming dates for the testing activities of NCB’s participants who have opted for direct connectivity to T2S (U2A or A2A), the modification of the TARGET2 legal Documentation in view of T2S, and the new

applicable fees. More information can be found in the presentation available at Banco de España website.

5. Progress of T2S testing

T2S is available on testing environment since 1 October to enable bilateral testing of CSDs and NCBs. In addition, the NUG was informed about the successful migration weekend rehearsal during 22-23 November.

6. Access to securities valuation data for auto-collateralisation purposes in T2S

The NUG was informed about the Eurosystem's decision to limit the access to individual securities valuation data for auto-collateralisation purposes in T2S, in order to comply with the Eurosystem's legal framework for Monetary Policy Operations.

7. Participation of migrated CSDs in TARGET

After their migration to T2S, CSDs will be able to continue to settle cash transactions (e.g. fees, taxes, etc), which do not enter into conflict with the harmonization standards, in their RTGS account in TARGET2. The applicable fees for this service will be included in the relevant Annex of the TARGET2 Guideline.

8. T2S Working Groups:

8.1. CRG: update of functional documentation

The NUG was debriefed about an update of the functional documentation to be published soon: *General Functional Specifications (GFS) version 5.0*, *User Requirements Document (URD) version 5.04*, *Business Functionality for T2S Graphical User Interface (GUI BFD) version 2.0* and *Business Process Description (BPD) version 1.2*.

8.2. HSG: compliance with T2S standards and modification of the standard "Compliance with T2S Settlement Day"

The report on the impact of non-compliant markets at the migration date will be presented to the AG.

8.3. XMAP: impact of restriction rules of wave 1 CSDs

The report describing the impact on cross-border settlement of CSD's restriction rules of the first migration wave will be presented before the AG.

8.4. Ongoing consultations in the NUG

The NUG was debriefed about the ongoing consultations to the NUG: *Withholding Tax Procedures*, *Sixth T2S CASG gap analysis* and *Use of non-mandatory matching fields in T2S*. More information can be found in the presentations available at Banco de España website.

9. AOB

The next meeting will take place ahead of the AG meeting in March, 2015.

The slide presentations (in Spanish) used during the meeting will be available in the BdE website:

http://www.bde.es/bde/en/areas/sispago/Sistemas_de_comp/TARGET2-Securiti/Documentacion_de_trabajo.html

Annex. Participants in the XXIII Meeting of the Spanish National User Group, November 25th 2014

Group Members

Jesús López Pedruelo (Presidente)
Montserrat Jiménez de Lago (Secretario)
Jesús Pérez Bonilla
Manuel de la Riva
Luis Miguel Rodríguez Caramelo
Bárbara Gullón
Jesús Benito
Félix Redondo
Mercedes Irigaray
Pilar Clavería
José Luis Rebollo
Zaneida Voces
Marta de Alba Basterrechea
Fernando García Rojo
Adolfo García
Claudio Sancho Corrales
Florentino Arias
María del Rosario Bejarano Navas
Lily Corredor
Álvaro Camuñas
Thomas Steimann

Institution

Banco de España
Banco de España
Banco de España
Banco de España
BdE / T2S Board
CNMV
Iberclear
Iberclear
BME Clearing
AEB
CECA
CECA
BBVA
BBVA
Santander
Santander
Bankia
Bankia
Ibercaja
BNP Paribas SS
Deutsche Bank

Observers

Soledad Núñez Ramos
Alberto Palacios Elorriaga
M^a Ángeles Colombás
Mayte Arráez
Fernando Castaño
Alberto Romera

T2S Board
Bolsa de Bilbao
Banco de España-4CB
Banco de España-4CB
Banco de España
Banco de España