

# TARGET2-SECURITIES

## National User Group

Madrid, 12 November 2013 – (10.30-12.30). Sala Europa

### 1. Introductory remarks and update on the status of the project

The chairman debriefed the group on the latest decisions of the Governing Council (GC) in relation to the T2S Project since the last meeting of the NUG. On the 17<sup>th</sup> June, the extension of the “fee holiday” in nine days for CSDs in wave 1 was approved. Additionally, the GC decided to initiate the process for the removal of the Dedicated Link solution from the User Requirements, with the understanding that such solution will be kept as an option to re-consider in the future if necessary.

With regard to the recent developments of the T2S Project:

- Nine (non-critical) change requests were approved by the T2S Board since July 2013: two were related to the migration activities (with an economic impact of 150.000 Euro); two were needed to fix bugs identified during the internal testing activities (no cost impact); four were of editorial nature (no cost impact); and one was related to the removal of the Dedicated Link solution from the URD (no cost impact).
- In general terms, the timeline of the project stays stable. With the clear aim of complying with the relevant deadlines, the steering level has maintained a strict control over the change requests to the functional design of T2S.
- As regards the budget, the costs are stable, although on the revenue side, settlement volumes estimations for the go-live have been revised downwards.
- Regarding technical aspects of the Project, the software development has been concluded, and 4CB are now focused on the internal testing. With regard to the testing activities, in September 72% of the core functions had been tested, being the objective 75%. In general the results can be considered normal for a project of this magnitude.
- The Latvian CSD signed the Framework Agreement (FA) on the 26<sup>th</sup> September, thus bringing the number of CSDs that have committed to T2S to 24. BoNY Mellon CSD and the Latvian CSD will join the fourth wave of migration.
- In relation to connectivity issues, both VAN providers passed successfully the Eurosystem Network Acceptance Test phase in September, a month in advance of the planned date.
- With respect to the harmonization agenda, the CSD Regulation is at its final stage of negotiations and it is expected to be approved by the end of the year.

## **2. Reporting on the latest activities of the CSD Steering Group**

Jesús Benito (Chairman of the CSG) reported about the recent discussions in the Group:

- The group accepted formally the two new members: the Latvian CSD and the CSD of BoNY Mellon.
- The ECB published the list of institutions which communicated, by 15 October, a non-binding expression of interest in becoming a directly connected party (DCP). The final binding expression of interest will be needed 12 months prior to the community testing dates for the earliest migration wave in which they would like to participate.
- The CSDs have to comply with T2S harmonisation standards and Corporate Actions Standards are the ones with a lower rate of compliance across markets today. In some jurisdictions, their compliance would require a regulatory change.
- The CSG continues to discuss with the Programme Office about the possible amendments to the FA. In case no agreement is reached, article 47 would apply, whereby only technical issues related to the Schedules of the FA, and the respective annexes, could be subjected to change.
- The CSG established a Task Force to study the issue of Settlement Finality 1, in the sense of the article 3 of the Settlement Finality Directive, or moment of entry into the system. Such task force agreed, in its last meeting in July, to raise to the CSG a proposal by which the settlement finality would only be achieved after the validation process in T2S. In the September meeting of the CSG such proposal was rejected. Since then, a consensus has been pursued at the steering level (with the T2S Board), where discussions still continue.

## **3. Reporting on the process of adaptation of Iberclear to T2S**

The NUG was debriefed by Iberclear on the process of its adaptation to T2S, in line with the information provided to the ECB. The potential delay in the go-live of the first phase of the Reform has been identified as yellow, since there is no time buffer.

## **4. Developments in the Spanish market in the process of adaptations to T2S and other issues of common interest. Tour-de-table**

During the tour-de-table, participants had the opportunity to inform about the status of their adaptations to T2S. The NUG members expressed their concerns regarding the delay in the delivery of part of the technical documentation of the reform. They consider that it should be final in December in order to meet the agreed deadlines.

## **5. T2S Simulator**

The ECB will inform the AG about the possibility to develop a T2S Simulator. It is a separate project from the T2S platform.

The T2S Simulator tool would emulate the behaviour of the T2S platform. It is considered to be particularly beneficial for overseers, supervisors, NCBs and CSDs, since it could simulate abnormal situations or crisis scenarios (in view of the CPSS/IOSCO principles for financial market infrastructures, which inter alia require stress tests). The tool would not simulate messages or fee-schemes. A feasibility study will be conducted by mid-2014 to decide whether such a tool shall be developed by the Eurosystem or not. The T2S simulator would not be delivered before 2018.

## 6. Volumetric Assumptions

The NUG was debriefed on the recent works on volumetric assumptions for an operational day in T2S, which are necessary to define the software requirements and the sizing of the technical infrastructure. In the next AG meeting, the users will be asked to express their opinion on the validity of the current assumptions.

More information can be found in the presentation published in Banco de España website.

## 7. Information about T2S substructures

- *Corporate Actions Sub-Group (CASG):* the outcome of the *CASG Standards Gap Analysis survey 2013* was presented.
- *Cross-border Market Practices Sub-Group (XMAP):* the NUG was debriefed on the recent work of the group on the optional matching fields.
- *Change Review Group (CRG):* The NUG was informed on the late change requests approved by the group, in particular about the CR429, whose aim is to provide the Primary CMB set-up with similar flexibility than the Secondary CMB set-up as regards the use of BICs. This CR is still under discussion.
- *Migration Sub-Group:* The NUG was debriefed on the contingency scenarios and pending scenarios identified by the group.

More information can be found in the presentation published in Banco de España website.

## 8. AOB.

The NUG members are invited to participate in the “Info-session on cash issues in T2S” organised by Banco de España that will take place on the 13<sup>th</sup> November.

The next meeting will take place in February 2014, previous to the AG meeting (12-13 February 2014). Likewise, the participants are reminded about upcoming events of possible interest:

- 29th November: *Workshop “Set-up for auto-collateralisation in T2S”* in Frankfurt.
- 13th December: *T2S Info session* in Lisbon.

The slide presentations (in Spanish) 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](http://www.bde.es/bde/en/areas/sispago/Sistemas_de_comp/TARGET2-Securiti/Documentacion_de_trabajo.html)

**Annex I. Participants in the XX Meeting of the Spanish National User Group, 12th November 2013**

**Group Members**

Jesús López Pedruelo  
Jesús Pérez Bonilla  
Manuel de la Riva  
Montserrat Jiménez de Lago  
Luis Miguel Rodríguez Caramelo  
Bárbara Gullón  
Jesús Benito  
Ignacio Solloa  
Pilar Clavería  
José Luis Rebollo  
Zaneida Voces  
Adolfo García Pérez  
Amadeo Lázaro  
Claudio Sancho Corrales  
Ángel Bayo Puyuelo  
María José Teva Vázquez  
Florentino Arias  
Lily Corredor  
Carlos Luengo Gómez-Cambronero  
Francisco Béjar, en sustitución de Álvaro Camuñas  
Thomas Steimann

**Observers**

Soledad Núñez Ramos  
Alberto Palacios Elorriaga  
Rafael García Sánchez  
Eduardo García-Hernández Carnero  
M<sup>a</sup> Ángeles Colombás  
M<sup>a</sup> Ángeles Marqués  
Alberto Romera

**Intitution**

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Iberclear  
BME Clearing  
AEB  
CECA  
CECA  
Santander  
Santander  
Santander  
CaixaBank  
CaixaBank  
Bankia  
Ibercaja  
Banco Cooperativo  
BNP Paribas SS  
Deutsche Bank

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