

TARGET2-SECURITIES

National User Group

Madrid, 13 September 2012 – (10.30-13.00). Sala Europa

1. Introductory remarks.

The chairman welcomed the participants of the Spanish National User Group, with special attention to its new members: the participants of the Spanish National User Group of TARGET2, and the representatives of two international banks with remarkable presence in the Spanish market, Deutsche Bank and Citibank. Under the new governance regime (i.e. after the signature of the Framework Agreement), the NUG has been enlarged to accommodate a wider range of participants holding different interests in the project, including experts on cash matters.

2. Update on the status of the project.

The chairman debriefed the group on the relevant developments in the T2S Project since the last NUG meeting:

The 29th of June was the deadline for existing Central Securities Depositories (CSDs) to adopt the Framework Agreement (FA) without paying an entry fee. Altogether, twenty-three CSDs have signed the agreement. In the euro area, virtually all of them did so (representing the 96% of the settlement volume of the euro area), with the only exceptions of HELEX and then the Cyprus Stock Exchange, given the latter's technical dependency on HELEX's platform. Due to the fact that HELEX has not signed the FA, the Cyprus Stock Exchange will have to look for a new technical solution to access the T2S platform. The Governing Council of the ECB decided to apply to the Cyprus CSD the treatment that had been foreseen for "new CSDs" (i.e. waiving the entry fee if they signed the Framework Agreement by April 2013). Outside the euro area, six CSDs have also signed the FA. As for the National Central Banks (NCBs) outside of the euro area, only Danmarks National Bank has signed the Currency Participation Agreement (CPA) so far, although it will not make its currency available in T2S until 2018.

With respect to the governance of T2S, the Governing Council of the ECB appointed in July the T2S Board members, who will continue the work of the previous T2S Programme Board. Also, the user members of the T2S Advisory Group and the user observers in the CSD Steering Group were appointed.

All participating NCBs and CSDs delivered their feasibility assessments at the end of June 2012 and currently the ECB is analyzing any potential change requests to the T2S functionality stemming from these feasibility assessments.

With regard to the T2S Project deliverables, the following documents were recently published: a new version of the User Detailed Functional Specifications (UDFS 1.2.1), a new version of the User Requirements Document (URD v5.02), and the Business Functionality for T2S Graphical

User Interface (BFD T2S GUI v.1.8). Likewise, an updated version of the Guideline to T2S, key document that establishes the legal framework, has been published.

3. Representation of the Spanish market in the new governance structure.

The NUG was debriefed about the representatives of the Spanish market who will take part of the variety of working groups and subgroups of the project. It was highlighted the broad representation of Spanish market in the AG: three Spanish credit institutions out of 28 representatives from the market, as well as Iberclear as CSD. Furthermore, the CSG will be chaired by Jesús Benito (Iberclear), and a representative of Banco Santander will be one of the six observers from credit institutions.

4. Information about the new T2S Board.

The NUG was debriefed on the composition and the mandate of the new T2S Board.

5. Reporting on the activities of the CSD Steering Group (CSG).

Jesús Benito reported on the composition, mandate and organization of the new CSD Steering Group (CSG), and summarized its recent activities. The CSG held its first meeting on the 9th of July. The relative weight of each CSD within the total settlement volume of the euro in the T2S platform will be taken into consideration in during an eventual voting process. The CSG has reached an agreement regarding the finalization of the Synchronization Point 1, which was still unresolved for some CSDs. With respect to the harmonization of the numbering of the securities accounts, the CSG agreed to use the first four positions (out of the thirty-five possible in T2S) to identify the CSD. The next meeting will take place on the 17th of September and it will serve to establish the working procedures of the group.

It became apparent that the potential approval of some of the change requests currently being assessed by the Change Review Group (CRG) would put the project at risk, and thus some members expressed their concern. Iberclear, unlike other CSDs, has not handed in any change request to the ECB after performing its feasibility assessment.

6. The Spanish NUG: organization and aims.

With a view to foster the involvement of the members in the NUG meetings, it has been considered to establish a *tour-de-table* as a regular point of the agenda, where they will have the opportunity to provide an update on the development/adaptation work related to T2S that is currently ongoing within their institutions, and when necessary, to share any other concern regarding the project.

Likewise, owing to the importance given by our market to the project of reforms to the securities clearing, settlement and registry system currently taking place, and its close relation and overlapping with the T2S Project, it deems necessary to include in the coming NUG meetings some reporting on the current state of those connected activities in the context of T2S.

7. Reporting on the process of adaptation of Iberclear to T2S.

The NUG was debriefed on the process of adaptation of the Spanish CSD, Iberclear, to T2S. Further information on this topic can be found in Banco de España website (in Spanish)¹.

8. Reporting on the process of adaptation of the NCBs to T2S.

The NUG was debriefed on the process of adaptation of the NCBs to T2S, with particular emphasis on the adaptation project undertaken by Banco de España. Further information on this topic can be found in Banco de España website (in Spanish)².

9. Composition of the Migration Waves.

Iberclear informed about the ongoing discussions within the CSG with the aim to define the composition of the migration waves. In view of the fact that the Spanish CSD has to set up a new system from scratch compliant with both T2S and the project of reforms to the securities clearing, settlement and registry system, and the time constraint derived, it was considered rather risky to migrate on the first two waves. Therefore, Iberclear has expressed its will to participate in the third wave (expected for June 2016). Additionally, Euroclear Group and Clearstream have expressed their interest in migrating in the same wave, even one later than the third, together with OeKB and Siteme.

10. Reporting of the AG substructures.

The Task Force on Adaptations to Cross CSD Settlement (TFAX) is now finalizing the assessment of the feedback received from the first mini-consultation issued in February 2012. The second mini-consultation of this group ended on the 14th September. The assessment of both mini-consultations is the ground for discussion in the TFAX of the solution outlines that are to be handed in to the HSG and AG at the end of its mandate.

The Corporate Actions Sub-Group (CASG) has recently finished the 2012 Standards Gap Analysis Survey, and will assess the feedback received from the markets to complete its Standards Gap Analysis Report for 2011.

The Spanish NUG sent contributions to both consultations.

11. Reporting of other substructures: CRG.

The NUG was debriefed about the establishment, mandate and composition of the Change Review Group (CRG), the new technical group continuing the work of the previous Sub-group on User Requirements Management. It comprises a group of product managers and functional experts from the participating CSDs and from euro area national central banks (NCBs), non-euro area NCBs, the European Central Bank and the 4CB (Banque de France, Banca d'Italia,

¹ http://www.bde.es/f/webbde/SPA/sispago/doc_trabajo/ficheros/NUG_13.09.2012_%20Adaptacion_Iberclear.pdf

² http://www.bde.es/f/webbde/SPA/sispago/doc_trabajo/ficheros/NUG_13.09.2012_NCB_T2S.pdf

Banco de España and Deutsche Bundesbank). User representatives also participate in the CRG as observers.

12. AOB.

The next meeting will take place in November, previous to the AG meeting dates (27-28 of November).

The slide presentations used during the meeting will be available in the Banco de España website:

http://www.bde.es/webbde/en/sispago/documentacion_trabajo.html

Annex I.

Participants in the XVI Meeting of the Spanish National User Group, 13th September 2012.

Group members

Jesús López Pedruelo
Jesús Pérez Bonilla
Luis Miguel Rodríguez Caramelo
Fernando Castaño
Montserrat Jiménez de Lago
Juan Luis Díez Gibson
Bárbara Gullón
Jesús Benito Naviera
Félix Redondo Gaitón
Luis Vía
Patricia Rodríguez
Jose Luis Rebollo Palomero
María José Calle Espíldora
Adolfo García Pérez
Marcos Santos Centenera
Claudio Sancho
García Rojo, Fernando
Manuel Pedro Ceverino Curiel
María José Teva Vázquez
Florentino Arias González
Pablo García Estévez
Alvaro Camuñas
Thomas Steimann

Observers

Leyún, Fernando
Alberto Palacios Elorriaga

Institution

Banco de España
D.G. Tesoro
CNMV
Iberclear
Iberclear
MEFF
AEB
CECA
CECA
Santander
Santander
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BBVA
Banco Popular
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Deutsche Bank

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Bolsa de Bilbao