

# TARGET2-SECURITIES

## National User Group

Madrid, 23rd November 2010 - 10.00. Sala Europa

### 1. Opening remarks

The main issues on the agenda of the meeting were introduced, corresponding to issues more relevant to the market in which significant progress has been made in recent months.

### 2. Update on the state of the project.

The latest decisions of the ECB Governing Council on T2S were released, among them: approval of the program plan (T2S will begin operations in September 2014): distribution of the draft Framework Agreement with the Central Securities Depositories (CSDs) to securities regulators, nomination of members of the T2S Programme Board and alternates, and approval of the T2S pricing structure.

It was also informed about the decisions taken at the Advisory Group ("AG") on 7 and 8 September: i) on the matching fields, it was voted to use T2S securities account of customers participants as a third-level matching criterion. Because of the confusion that occurred in the presentation of the item, the T2S team will prepare a document with the consequences of the decision to submit at the next meeting of the AG; ii) it was decided to establish a working group on "smooth cross-CSD settlement in T2S" to identify and seek solutions, within the T2S functionality, to national specifications that may pose a barrier to cross-border settlement.

### 3. Policy issues.

Pricing Structure: it was presented the structure approved by the Governing Council, which sets a price of 15 cents to settle delivery versus payment transactions in T2S, under the following conditions: i) the non euro coins have to add a 20% of the total settlement in euro at least (ii) the settlement volume in the EU don't have to be lower than the estimated volumes in more than a 10% (iii) the tax authorities confirm that the Eurosystem is VAT free for services provided by T2S. The price will remain under these conditions from September 2014 to December 2018. In addition, between January 2019 and September 2022, the Governing Council agrees not to raise the price in more than an annual 10%.

Some participants think that it would be necessary to know which will be the price when the conditions are not met. Iberclear was requested to define their rates as soon as possible, in order to get the final cost of the settlement.

External governance structure: It was made a brief presentation on the latest proposal to be submitted to AG T2S governance structure, once they have signed the Framework Agreement with the CSDs and the Participation Agreement of non euro coins with central banks concerned.

### 4. Technical Aspects.

Connectivity: It was reported in general terms about the vendor selection process and schedule. The business criteria, technical and general architecture of the communication system, which is scheduled to consider, were presented.

Functional Documentation – UDFS: It was released to the market the content, objectives and format of UDFS. It was also informed of the timetable for delivery of this functional documentation. Iberclear highlighted the need to begin immediately with the necessary changes for future adaptation to T2S, and thus anticipate the possible lack of time because of the tight deadlines. Despite this, they find very difficult to meet the targets.

Changes in the matching criteria: The NUG was informed about the discussion and vote at the last AG on this matter. Most voted for use as level 3 matching field the participant's account instead of BIC11. The ECB intends to prepare a new note on the implications of this decision and return to discuss the topic at the next AG. The Spanish market expressed a unanimous preference for the matching with BIC11 instead of the account.

## **5. Information about AG substructures**

Task Force on Smooth cross-CSD settlement: Iberclear made a presentation of the mandate and the work done of the group chaired by Jesus Benito. In order to develop a comprehensive list of national specifications in T2S, it has been developed a questionnaire that has been sent to NUG.

Organization of the T2S settlement day processes: The market was informed about how the T2S settlement day processes are being defined and programmed. It is still working on this issue so that the schedules and details are not final.

**Anex I. List of participants in the 12th Spanish NUG meeting 23 November 2010**

**Participants. Group members**

Núñez Ramos, Susana  
López Pedruelo, Jesús  
Pérez Bonilla, Antonio Jesús  
Jiménez de Lago Montserrat  
Benito Naveira, Jesús  
Vía, Luis  
Rodríguez, Patricia  
García, Adolfo  
Santos, Marcos  
García, Fernando  
Vicario, Roberto  
Camuñas, Álvaro  
Vivas Sotillos, Carlos  
Rebollo, Jose Luis  
de la Lastra, Iñigo  
Carpio San Román, Inés

**Institution**

Banco de España  
Banco de España  
Banco de España  
Banco de España  
Iberclear  
MEFF  
AEB  
Santander  
Santander  
BBVA  
BBVA  
BNP Paribas S.S  
Banco Popular  
CECA  
CNMV  
D.G. del Tesoro

**Participants. Observers**

Álvarez, Ignacio  
Redondo Gaitán, Félix  
Colín Crespo, Luis Enrique  
García Sánchez, Rafael

Iberclear  
Iberclear  
Santander  
Santander

**Participants. Guests from Banco de España**

Mochón Sáez, M<sup>a</sup> Carmen  
Abendibar, María Ángeles  
Corredera, Carlos  
Sanchez, Alejandro