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1. General principles

The National Bank of Belgium (hereinafter «the Bank») has set up a securities settlement system (hereinafter «NBB-SSS») for the settlement of transactions in fixed-income securities represented by book entries.

The NBB-SSS permits the settlement of transactions in securities denominated in euro or in Belgian francs according to the principle of delivery versus payment mentioned in article 1.2. In the case of securities denominated in euro or in Belgian francs, it also deals with the settlement of subscriptions, reimbursements and interests payments. It offers participants the option of using an automatic securities lending system.

The NBB-SSS also:

1. keeps account of securities denominated in monetary units other than the euro and the Belgian franc of OECD member countries (hereinafter «foreign currencies») or in units of account. However, payments relating to such securities are not settled within the NBB-SSS;
2. applies the fiscal rules concerning the withholding tax in the case of securities transactions settled in the NBB-SSS, in particular the application of the system of exempt and non-exempt accounts introduced by the law of 6 August 1993 (hereinafter the «X/N system»).

The NBB-SSS operates on the basis of **the integrated settlement model in central bank money**: both the securities accounts and the cash accounts are managed inside the Bank. The DVP (Delivery Versus Payment) process executed in real time on the Bank's IT platform during one single settlement cycle.

The NBB-SSS is linked to the TARGET2 Single Shared Platform (SSP) via the Ancillary System Interface (ASI).

1.1 Account entries

The NBB-SSS accepts dematerialised securities as referred to in (i) the law of 2 January 1991 on the market in public debt securities and monetary policy instruments, (ii) the law of 22 July 1991 on commercial paper and certificates of deposit and (iii) article 485 of the Companies Code and arranges their circulation in accordance with the legislation applicable.

The settlement system also accepts other securities governed by Belgian or foreign law subject to certain conditions, and arranges their circulation in accordance with co-ordinated Royal Decree no. 62 of 10 November 1967 governing the custody of transferable financial instruments and the settlement of transactions on these instruments.

Any entry in a securities account confers on the owner a right of joint ownership of a notional set of similar securities.

1.2 Delivery versus payment

As regards securities denominated in euro or in Belgian francs, the NBB-SSS applies the delivery versus payment principle: the NBB-SSS guarantees participants simultaneous reciprocal settlement in cash and in securities, and guarantees that the securities and cash will be available on the settlement date as from settlement of the transaction.

The NBB-SSS, which works according to the integrated settlement model in central bank money (see article 2.4) checks whether participants' current accounts and securities accounts have sufficient funds. The settlement, payment and delivery procedures are described in article 6.

1.3 Gross settlement

The NBB-SSS operates according to the gross settlement principle, whereby transactions are settled one after the other. Transactions are settled in batches activated several times a day. The timing and implementing procedures for the settlement of each particular type of batch are described in article 6.

1.4 Notifications

The NBB-SSS operates according to the principle of bilateral notification, which requires all participants involved in a same transaction to notify the NBB-SSS, in a standard form, of all that transaction's characteristics. Since notifications concerning the same transaction necessarily indicate identical characteristics, the NBB-SSS reconciles or matches them before settling the transaction.

As an exception to the bilateral notification principle, only one notification is required for some transactions (hereafter referred to as «unilateral notifications»).

The status of the notifications is described in article 4.

1.5 Automatic lending

The automatic securities lending/borrowing system allows holders of lendable securities for which they have no immediate use to lend those securities to other participants against a pledge by the borrower. Only participants who have signed the standard «automatic securities lending agreement» attached as **annex 2** may operate as lenders/borrowers in this system.

Loans are granted and guarantees given without any special action on the part of lenders and borrowers. Notifications therefore need not be sent for these transactions, which result directly from the processing of the day's transactions by the NBB-SSS. The securities loan reimbursement and pledge release procedures are also automatic.

A group of lenders makes a pool of securities available to participants who can borrow securities out of it in order to make up their securities deficit. This «pool» principle ensures total confidentiality, the identity of the lenders not being revealed to the borrowers and vice versa. It also ensures that loans are distributed fairly in relation to the amounts offered by each potential lender to the pool.

1.6 Special link with international settlement systems

(Article deleted)

1.7 Application of the tax rules

Securities entered into the NBB-SSS are automatically subject to the tax rules introduced by the law of 6 August 1993 establishing the X/N system. The Bank informs participants of the types of securities entered into the NBB-SSS which, by way of exception, are not subject to those rules.

In order to satisfy the tax obligations, the participant authorises the Bank to complete all the required formalities, sign any documents and make any necessary amendments or corrections on the basis of the declarations made by the participant or on his behalf.

Annex 3 contains some of the tax laws and regulations, plus the current tax operating procedures and the tax certificates to be completed.

2. Scope

2.1 Categories of securities

2.1.1 Accepted securities

The following fixed-income securities are accepted by the NBB-SSS:

- a. dematerialised Belgian government bonds, e.g. treasury certificates, linear bonds (OLOs), stripped OLOs, Treasury bills, State bonds;
- b. dematerialised securities of other issuers referred to in article 1 of the law of 2 January 1991 on the market in public debt securities and monetary policy instruments;
- c. dematerialised commercial paper and certificates of deposit governed by the law of 22 July 1991 on commercial paper and certificates of deposit;
- d. the dematerialised bonds referred to in article 485 of the Companies Code;
- e. other fixed-income securities which can circulate under the system provided for in co-ordinated RD nr 62 of 10 November 1967 governing the custody of transferable financial instruments and the settlement of transactions on these instruments, such as bearer securities or collective bearer securities (global notes) and registered entries.

In the case of securities governed by foreign law or issued by a foreign issuer, the Bank may make entry into the NBB-SSS conditional upon the obtaining of an independent, authorised legal opinion confirming the relevant aspects of the security's legal validity and the possibility of entering and circulating the security in the NBB-SSS.

For the purpose of admission to the NBB-SSS of securities other than those issued by the Belgian government, the issuer and the participant responsible for the financial service relating to the securities in question (hereinafter «the paying agent») must have previously concluded a «service contract» (models given in **annex 19.2 a, b, c**) with the Bank concerning the holding and settlement of the securities entered in the NBB-SSS.

The issuers of (collective) bearer securities that are referred to in article 7 of the law of 14 December 2005 abolishing bearer securities, and which provide for the dematerialised form in their statutes, shall make the necessary arrangements to that effect with the NBB-SSS, in an agreement modifying the «service agreement» concluded with the Bank with regard to the holding and settlement of securities entered in the NBB-SSS (models given in **annex 19.2 d**).

As of 1 January 2008, bearer securities entered in an account of the NBB-SSS must no longer be physically delivered in Belgium.

2.1.2 Information for participants

On its website www.nbbsss.be, the NBB-SSS publishes an updated list of all unexpired securities admitted to the system, as set out in article 5.3. Participants can hereto consult the «Securities» module of Wirow fin'Markets (hereinafter called «Wirow») referred to in article 5.2.5.

2.1.3 Use of ISIN codes

Securities shall be identified in the NBB-SSS by their international ISIN code. This must begin with BE.

2.1.4 Form of securities

(Article deleted)

2.2 Participants

2.2.1 Participation in the NBB-SSS

The following parties may participate in the NBB-SSS, once they have signed the membership agreement appended hereto in **annex 1.1**:

- credit institutions and investment firms established and licensed in a member state of the European Union and governed by the law of one of those states;
- controlled undertakings operating with a state guarantee or public-sector bodies coming under a member state of the European Union;
- the National Bank of Belgium and the other national central banks of the ESCB;
- central depositories established and licensed in a member state of the European Union and governed by the law of one of those states;
- entities responsible for the administration of regulated markets and established in the European Union;
- managing establishments, settlement agents or central counterparties in systems for the settlement of securities transactions that are established and, if necessary, licensed in a member state of the European Union.

The Bank may also decide to grant access in the case of the entities referred to above, governed by the law of a non-EU state, subject to the obtaining of an independent authorised legal opinion covering the legal risks entailed in participation in the NBB-SSS.

To ensure the stability and proper functioning of the NBB-SSS, the Bank may make an institution's membership of the system and the maintenance of its membership dependent upon the successful outcome of tests demonstrating that the institution has the operational and technical capacity required for this purpose (in particular as regards its IT and telecommunications systems).

2.2.2 Participation in the automatic securities lending system

NBB-SSS participants may join the automatic securities lending system described in article 3.2.9.2, either as lenders, or as both lenders and borrowers.

Membership of the automatic securities lending system shall entail the signing of an «automatic securities lending agreement» as shown in **annex 2**. These rules may derogate from that specific agreement in order to modify the operation of the system; in that event, the provisions of the regulations shall prevail over those of the specific agreement.

2.2.3 Limits on participation applicable to securities denominated in foreign currencies or in units of account

In accordance with the RD of 14 June 1994, only the NBB-SSS participants listed below may hold in that system securities accounts denominated in foreign currencies or units of account:

- the National Bank of Belgium;
- Clearstream Bank Luxembourg;
- Euroclear Bank;
- a participant who is either the issuer or the institution responsible for the financial service of the securities in question.

2.2.4 Limits on participation applicable to specific dematerialised securities

Only institutions approved as account holders pursuant to article 3 of the law of 2 January 1991 concerning the market in public debt securities and monetary policy instruments, may hold dematerialised securities, as referred to in the law of 2 January 1991 on the market in public debt securities and monetary policy instruments, and in the law of 22 July 1991 on commercial paper and certificates of deposit on behalf of third parties.

Only licensed account holders referred to in article 468 of the Companies Code may hold dematerialised bonds as referred to in article 485 of the Companies Code on behalf of third parties.

2.2.5 Identification number of participants

The NBB-SSS determines the unique four-figure identification number:

Additional identification numbers may be obtained simply by applying in writing to the NBB-SSS.

2.2.6 Information about participants

The updated list of direct participants is published via:

- www.nbbsss.be;
- Wirow.

2.3 Securities accounts

2.3.1 Accounts structure

The NBB-SSS shall open various types of securities accounts in the name of each participant, distinguishing in particular between securities held on own account, those held for third parties and pledged securities. Each of these securities accounts shall be divided into categories of securities admitted to the NBB-SSS.

Accounts opened in the names of participants shall be identified by a number with the following structure:

100-8 NNNN NN- NN
(1) (2) (3) (4)

(1) «8» indicates that it concerns a securities account in the NBB-SSS

(2) participant's identification number (set in accordance with article 2.2.5)

(3) type of account (set in accordance with articles 2.3.2 and 2.3.3)

(4) check digit

2.3.2 Types of securities accounts denominated in euro or in Belgian francs

In the case of securities denominated in euro or Belgian francs, the following types of account may be opened:

01	own account
02	trading account
09	settlement transitional account for transactions on Euronext Brussels
10 to 19 40 to 49 70 to 79	exempt client accounts
20	non-exempt client account
30 to 39	exempt lender-client accounts (automatic lending system)
51	pledge account (transactions outside the NBB-SSS)
52	automatic pledge account (for participation in the automatic lending system)
61	tender account

The NBB-SSS opens the following accounts automatically:

- for all participants: an 01 and 61 account on joining NBB-SSS.
- for participants who have signed the «automatic lending agreement»; these accounts shall be used to record claims and debts in relation to the NBB-SSS resulting from automatic lending, providing the participant with daily information on his position in automatic lending and borrowing. The suspense accounts opened in this way are among the following types:

96	lending account
97	client lending account
98	borrowing account

- for the participant taking part in the automatic lending facility as a borrower: a 52 account in which the automatic pledges are recorded.

Participants may also, merely by applying in writing to the Bank, arrange for the opening of additional accounts in the following ranges:

- 02
- 09
- 10 to 19 - 40 to 49 - 70 to 79
- 20
- 30 to 39
- 51

2.3.3 Types of securities accounts denominated in foreign currencies or units of account

In the case of securities in foreign currencies or units of account, accounts opened automatically for the participants referred to in article 2.2.3 shall be of the following types:

08	own account
28	exempt client account
29	non-exempt client account

2.3.4 Client securities accounts

For the purpose of these regulations, the term «client securities account» shall mean a securities account opened in the name of an NBB-SSS participant, in which are entered the securities held by that participant on behalf of his clients and belonging to one of the following account types: 10 to 20, 28 to 49 and 70 to 79.

For the purposes of the X/N tax legislation, all the accounts mentioned shall be exempt from the withholding tax with the exception of the 20 and 29 accounts.

2.3.5 Closing securities accounts

Upon simple written request to the Bank, participants may have an account closed, on condition that this has:

- no securities balance; and
- no longer contains any outstanding transactions.

The Bank can officially close accounts if it decides that both above-mentioned conditions have already been met for at least one year. It shall inform the participant about this in advance.

2.4 Cash account

All NBB-SSS participants shall settle the cash leg of their transactions in the NBB-SSS via a cash current account in euro opened in the Bank's books (hereinafter referred to as «current account»). Transactions in NBB-SSS are settled by provisioning participant's current account, which is reserved exclusively for this purpose. This provision is referred to as «Dedicated Liquidity for NBB-SSS» (DLNS). This DLNS can only be delivered via the Ancillary System Interface (ASI) of the TARGET2 Single Shared Platform (SSP).

In accordance with article 6.3.1, the current account may be opened in the name of the participant concerned or of a third person acting for the participant. (Note!!)

The functioning of the current account and the connection of the NBB-SSS (ASI) with the TARGET2 SSP are explained in **annexes 20.0, 20.1, 20.2, 20.3, 20.4 and 20.5**.

3. The various types of transaction

NBB-SSS shall process primary and secondary market transactions and other transactions such as pledging.

3.1 Primary market

3.1.1 Subscriptions

3.1.1.1 Treasury certificates and OLOs in euro: issue by tender

3.1.1.1.1 SUCCESSFUL TENDERS

On receipt of the list of successful tenders issued by the Federal Public Service Finance (Treasury Administration), the NBB-SSS shall, as soon as possible, send each participant an e-mail with a statement for each tenderer (**annex 4**) indicating the following particulars for each of the successful tenders which it is to settle:

- name of the participant;
- ISIN code of the subscribed securities;
- tender date;
- subscription settlement date;
- name of the tenderer
 - either of the participant himself, if he has registered in his own name;
 - or of the participant's client for whom the participant has agreed to act as intermediary for the tender;
- nominal amount subscribed;
- amount payable in euro.

NBB-SSS creates the corresponding transactions with code 81 and 82.

The participant shall give his consent to subscriptions in the name of his clients, agreeing that the amount payable shall be debited to his current account, by returning the document duly signed so that the consent reaches the NBB-SSS as soon as possible and at the latest by 15.00 hrs on the settlement day.

Failure to respect this deadline shall attract the penalty provided for in article 7.2.

3.1.1.1.2 SETTLEMENT OF SUBSCRIPTIONS

On the settlement day the amounts payable for subscriptions in the participant's own name and for subscriptions in the names of clients for which he has granted consent shall be debited to his current account during the settlement batch and under the conditions specified in article 6.

Simultaneously with the cash debit referred to in the preceding paragraph, securities that are allocated to the participant shall be credited to the participant's securities accounts as follows:

- the participant's tender account (account 61) shall be credited by the NBB-SSS with the amount of the securities subscribed for by that participant in his own name. Before the end of the day the participant shall transfer all the securities thus subscribed via purchase/sale notifications, free transfers and/or internal transfers as described in article 3.2.;
- the client securities account (account 10) shall be credited by the NBB-SSS with the amount of securities which the client has subscribed in his own name where the participant has consented to the subscription taking place through him.

3.1.1.1bis OLOs in euro: syndicate issues

In the case of OLOs issued by a syndicate, the following primary market settlement procedures shall apply.

On the settlement date, the Treasury's securities account shall be credited with the total amount issued. The Treasury shall sell to the Primary Dealer designated in the syndication agreement the total amount issued, via one or more notifications. The Primary Dealer shall in turn assign the agreed amounts to the other Primary Dealers and Recognised Dealers.

To this end, the operations set out in articles 3.2.2, 3.2.4 and 3.2.5 shall be used.

3.1.1.2 State notes

Participants who have subscribed to State notes obtain these securities via book entries in the NBB-SSS. NBB-SSS creates the corresponding transactions with code 81.

For the settlement of the subscriptions the procedure set out in article 3.1.1.1.2 applies.

3.1.1.3 Dematerialised commercial papers and certificates of deposit

This article 3.1.1.3 shall concern dematerialised commercial papers and certificates of deposit issued in accordance with the law of 22 July 1991, other than Belgian State Treasury bills.

3.1.1.3.1 FORMALITIES PRECEDING EACH ISSUE

The Bank shall conclude a «service contract» for each issuance programme with each issuer (models given in **annex 19.2a**). Issuers not participating in the NBB-SSS must appoint a paying agent who is a participant to represent them in the NBB-SSS and take on the financial service for the issue. This paying agent must also sign the service contract.

Issuers who are participants may also appoint a paying agent for the same purposes.

In accordance with the «service agreement» concluded with the Bank, the issuer or his paying agent shall communicate to the NBB-SSS, before settlement of the subscriptions, the necessary particulars relating to the issuance programme concerned and the characteristics of the securities to be issued (forms can be found in **annex 19.3**).

3.1.1.3.2 SETTLEMENT OF SUBSCRIPTIONS

By no later than 14.00 hrs on the subscription settlement day, the issuer or his paying agent, if any, shall forward to the NBB-SSS a notification with code 32 for the creation of the securities.

Failure to respect this obligation shall cause the penalty provided for in article 7.2.

This notification shall comprise the details set out in **annex 6.2.6**.

It shall also be subject to the following special rules:

- the securities account to be credited shall be one of the securities accounts of the participant issuing the notification, excluding account 61;
- the nominal amount to be entered on the account shall be determined in accordance with article 5 of the RD of 14 October 1991 (either the nominal value in the case of securities with coupon payment or the principal amount and interest payable at maturity in the case of securities issued on a discounted basis);
- more than one notification may be issued relating to the same ISIN code and the same settlement date.

The securities are created after processing by the NBB-SSS.

The issuer or his paying agent, if any, may transfer the securities thus created to the subscribers by using the purchase/sale notifications (except in the case of securities denominated in foreign currencies or units of account), free transfers or internal transfers as described in article 3.2.

3.1.1.4 Linear bonds denominated in foreign currencies

(Article deleted)

3.1.1.5 Belgian State Treasury bills and EMTN

The present article 3.1.1.5 shall concern:

- dematerialised Treasury bills issued in accordance with the ministerial decree of 6 July 1998 and
- EMTN issued in accordance with the RD of 12 June 2008.

3.1.1.5.1 BELGIAN STATE TREASURY BILLS AND EMTN DENOMINATED IN EURO

Treasury bills and EMTN in euro shall be created on the value date of their issue by being credited to the securities account of the Treasury Administration in the NBB-SSS (participant no. 9000).

The said securities shall then be transferred, against payment, from the aforesaid Treasury Administration account to an account of the NBB-SSS participant. The transfer shall be effected in the form of a purchase/sale transaction as referred to in article 3.2.2 (transaction code 10). The transfer shall therefore be subject to all the rules applicable to purchase/sale transactions, including the requirement concerning bilateral notification of the transaction (which in this case means that both the said participant and the Treasury Administration must send a notification).

3.1.1.5.2 BELGIAN STATE TREASURY BILLS AND EMTN DENOMINATED IN FOREIGN CURRENCIES

Treasury bills and EMTN denominated in foreign currencies shall only be delivered against payment, outside the NBB-SSS, of the amount due to the Treasury by entry in a securities account held with the Bank, Clearstream Bank in Luxembourg or Euroclear Bank.

3.1.1.6 Other loans

3.1.1.6.1 FORMALITIES PRECEDING ISSUE

The Bank shall enter into a «service contract» with each issuer for each issuance programme which it admits to the NBB-SSS (models given in **annex 19.2 b.c**). Issuers not participating in the NBB-SSS must appoint one or more paying agents who are participants to represent them in the system and take on the financial service for the issue(s). This paying agent must also sign the service contract. Issuers who are participants may also appoint one or more paying agents for the same purposes.

In accordance with the «service contract» concluded with the Bank, the issuer or his paying agent, if any, shall communicate to the NBB-SSS, before settlement of the subscriptions, the necessary particulars, including information relating to the issuance programme concerned and the characteristics of the securities to be issued (forms given in **annex 19.3**).

3.1.1.6.2 SETTLEMENT OF SUBSCRIPTIONS

The procedure is described in article 3.1.1.3.2, with the exception of the definition of the nominal amount to be entered in the account, that shall be effected in accordance with the issue decree or prospectus.

3.1.2 Exchanges of state debt securities

(Article deleted)

3.1.3 Payment of interests and reimbursement of securities denominated in euro or in Belgian francs

3.1.3.1 Payment of interests

On interest payment date on the securities (i.e. here and hereinafter the date on which the issuer must actually pay the amount of interest in accordance with the particulars he has given to the NBB-SSS) or, if that date is not a Target day (as defined in article 13), the next Target day, the NBB-SSS shall proceed as follows with the cash debit and credit operations:

1. the NBB-SSS shall automatically debit the full amount of the interest (converted to euro if expressed in Belgian francs) to the issuer's current account in the Bank's books or, if appropriate, the account of his paying agent, during the settlement batch and under the conditions specified in article 6.
2. subject to the settlement operation referred to in point 1., the NBB-SSS shall automatically credit the amount of interests (determined on the basis of the securities account balances at the end of the Target day preceding the interest payment date and converted to euro if expressed in Belgian francs) to the current accounts of participants which have a position in the security concerned, during the settlement batch and under the conditions specified by article 6, after deduction of the withholding tax on income from movable assets, if appropriate.

For the purposes of point 2., the principle of crediting the current accounts of the participants in whose names the securities are registered, shall continue to apply in the case of securities registered in pledge accounts 51 or 52.

Interest shall be calculated as follows:

- the amount of the interests debited in accordance with point 1. shall be calculated by applying the rate of interest to the total interest-bearing amount of the issue, the sum thus obtained (converted to euro if expressed in Belgian francs) being rounded down to the nearest cent if the fraction is less than 0.5 cents and rounded up if the fraction is 0.5 cents or more;
- the amount of the interests credited to each beneficiary and for each account in accordance with point 2. shall be calculated by applying the rate of interest to the interest-bearing amount of the securities entered on that account. The amount thus obtained shall be rounded down to the nearest cent (after conversion to euro if the amount is expressed in Belgian francs);
- when calculating the interest to be paid, the NBB-SSS shall, if need be, take the «bond factor» into account. The «bond factor» is the relationship between the outstanding principal during the period in which interest is due and the initial nominal issued principal of the security concerned. The «bond factor» is expressed as a number with twelve (12) decimals. Its value starts at 1 and diminishes with each partial capital redemption until it eventually reaches 0 on the due date for final redemption of the securities. When adjusting the bond factor, its new value must always be smaller than its previous value.

If, in respect of the issuer or his paying agent, any of the events referred to in article 10.5 or 10.6 occurs, any payment of interests by the NBB-SSS shall be officially suspended until the interest has been paid in full by the issuer or his paying agent.

3.1.3.2 Reimbursement of the principal

On the due date for reimbursement of the principal of securities (i.e. here and hereinafter, the date on which the issuer, according to the information which he submits to the NBB-SSS, is actually required to pay the amount repayable) or, the next Target day if that date is not a Target day (as defined in article 13), the NBB-SSS shall proceed as follows with the cash debit and credit operations:

1. the NBB-SSS shall automatically debit the amount of the principal repayable (converted to euro if it is expressed in Belgian francs) to the current account of the issuer in the Bank's books or, if appropriate, the account of his paying agent during the settlement batch and under the conditions laid down by article 6;
2. subject to settlement of the operation referred to in point 1., the NBB-SSS shall automatically credit the amount of the principal repayable (determined on the basis of the balances on securities accounts at the end of the Target day preceding the due date and converted to euro if expressed in Belgian francs) to the current accounts of participants having a position in the security concerned, during the settlement batch and under the conditions laid down by article 6, after deducting the withholding tax on income from movable assets, if appropriate.

For pledge accounts of type 51, the cash credit is only applicable with the express consent of the pledgee. Failing such consent, the amount repaid shall be entered in a frozen, non interest-bearing account opened in the Bank's books in the name of both parties.

On the due date for final redemption of the securities (i.e. here and hereinafter the date on which the issuer, according to the information which he submits to the NBB-SSS, is required actually to pay the amount repayable) or, if that date is not a Target day, the next Target day, the securities accounts of participants shall be debited in order to cancel the amount of the securities due entered on the account, subject to settlement of the operation referred to in point 1. above.

If, in respect of the issuer or his paying agent, any of the events referred to in article 10.5 or 10.6 occurs, any redemption at maturity or debit operation for the cancellation of the securities of the participants by the NBB-SSS shall be automatically suspended until the amount repayable has been paid in full by the issuer or his paying agent.

3.1.4 Interest payments and reimbursement of securities denominated in foreign currencies or units of account

Without prejudice to the application of the tax rules in accordance with the third paragraph of article 3.1.4, the NBB-SSS shall not intervene in the payment of the interests and the sums repayable on securities denominated in foreign currencies or units of account. Such amounts shall be paid outside the NBB-SSS to participants by the issuer or, if appropriate, his paying agent.

The NBB-SSS shall confine itself to notifying the issuer or, if appropriate, his paying agent of the nominal amounts of the securities concerned, recorded in securities accounts in the name of participants at the end of the third Target day in Brussels preceding the due date for interests or reimbursement. This information shall be sent on the morning of the second Target day preceding the due date and shall form the basis for the interest and capital payments (outside NBB-SSS) to participants by the issuer or, if appropriate, his paying agent.

Consequently, no transfer between participants shall be permitted during the two Target days preceding an interest payment date or a reimbursement date.

On the due date for interests or reimbursement of the securities or, if that date is not a Target day, the next Target day, the current account of the participants having a balance in those securities shall be debited in euro by the NBB-SSS in favour of the Bank with the amount of the withholding tax for which the latter are liable to the Treasury in respect of the payment of interests or the reimbursement pursuant to article 8 of the law of 6 August 1993 concerning transactions in certain securities, its implementing provisions governing the conversion to euro of income from securities denominated in monetary units of countries which have not adopted the euro, and Council Regulation no. 1103/97/EC of 13 June 1997.

On the due date for final redemption of the securities, or, if that date is not a Target day, on the next Target day, the securities accounts of participants shall be debited in order to cancel the amount of the securities due entered on their account, without being checked whether the paying agent has executed the cash payments.

3.2 Transactions other than primary market transactions

3.2.1 General provisions

3.2.1.1 Form and content of notifications

Notifications concerning transactions effected on the secondary market and others referred to in the present article 3.2 must be sent to the NBB-SSS via one of the means of communication provided for in article 5.1 article 7.2 shall apply in the case of late notification.

Notifications shall contain details common to all transactions and details specific to certain special types of transaction. **Annex 6.1** describes the fields to be included in the notifications. **Annex 6.2** stipulates for each type of transaction the compulsory fields and the fields for matching purposes.

Annex 6.2 mentions the zones that are obligatory and have to be matched for each type of transaction.

Every notification shall include a code identifying the type of transaction concerned. The list of transaction codes can be found in **annex 5**. Participants shall use the transaction code corresponding to the type of transaction concluded. If the participant was not involved in the conclusion of the transaction, he shall use the transaction code which best corresponds to the settlement instructions given to him by his client.

The various forms of paper notification are shown in **annex 7**.

3.2.1.2 Use of the notification for confirmation purposes

Two participants, who have agreed to settle an OTC (over-the-counter) transaction which they have concluded in their own name, shall confirm that transaction to one another exclusively by notifying it to the NBB-SSS as set out in article 3.2.1.1.

Another form of confirmation may only be used in the following cases:

- the data included in the notification are obviously inadequate for confirmation of the transaction in all its specific characteristics
- the two participants have expressly agreed to confirm the transaction in question in a different way
- a mandatory regulation stipulates a different form of confirmation.

3.2.1.3 Use of the notification for the purpose of declaring transactions to the Securities Regulation Fund

The Decree of the Securities Regulation Fund of 1 December 2003 determining the market exchange rules of the off-exchange market in OLOs, strips and Treasury certificates (Moniteur belge of 15 April 2004)¹ obliges certain financial intermediaries to declare to the Securities Regulation Fund the transactions with these securities in which they have been involved on the regulated off-exchange market.

If a notification of settlement to the NBB-SSS meets the following cumulative conditions, that notification shall be used not only for the settlement of the transaction, but also for the declaration by the issuing participant to the Securities Regulation Fund in accordance with the said Royal Decree:

- where the notification relates to a transaction in OLOs, strips of OLOs or treasury certificates;
- where the notification relates to a purchase or sale (code 10 or 15), a swap (code 60) or a repurchase agreement transaction (code 70, 76 or 78);
- where the notification does not relate to a transaction concluded on Euronext Brussels;
- where the notification contains the instruction to debit or credit an own account (account 01) or a trading account (account 02) of the issuing participant.

The use made of such notification for the performance of the declaration obligation shall be governed by the Securities Regulation Fund Circular 2007/1 of 15 October 2007 concerning the declaration to the Securities Regulation Fund of transactions in OLOs and treasury certificates.²

For the purpose of performance of the declaration obligation, the transaction forming the subject of such a notification shall be presumed to have been concluded on the regulated off-exchange market in OLOs, strips and treasury certificates, regulated by the RD of 20 December 2007 (Moniteur belge of 9 January 2008).³

If the transaction was concluded outside that regulated off-exchange market, the participant issuing the notification must also send the Bank an explicit declaration of the transaction in order to refute the presumption that it was concluded on the regulated off-exchange market. The content and form of this explicit declaration shall be governed by the said Securities Regulation Fund Circular 2007/1 of 15 October 2007.

In addition, the Royal Decree of 3 June 2007 laying down detailed rules on the implementation of the Directive on markets in financial instruments (Moniteur belge of 18 June 2007) requires Belgian credit institutions and investment firms and branches established in Belgium of foreign credit institutions and investment firms to declare their transactions in OLOs, strips and Treasury certificates directly to the CBFA via the «Transaction Reporting System» (TRS). TRS reporting is explained by the CBFA in circulars.

¹ This provision does not apply to Belgian government Primary Dealers who are required by their contract conditions to use a special method of declaration.

² Document published on www.fondsdesrentes.be.

³ Royal Decree of 20 December 2007 on OLOs, strips and treasury certificates.

3.2.1.4 Limitation of the types of transactions in securities denominated in foreign currencies and units of account

As regards securities denominated in foreign currencies or units of account, the only transactions referred to in article 3.2 which the NBB-SSS shall admit are free transfers (article 3.2.4) and internal transfers (article 3.2.5).

3.2.1.5 Limitations due to proximity of the due dates for interests or the final reimbursement date

No transaction referred to in article 3.2 may be settled on or after the final reimbursement date of the securities concerned. This applies to all securities.

Furthermore, in the case of securities denominated in foreign currencies or units of account, no further transfer may be settled from the second Target day preceding the due date for interests or reimbursement of the security concerned up to:

- the day before the due date for interest payments;
- the final reimbursement date for full capital reimbursements.

3.2.1.6 Limitations applicable to transactions in certain client accounts

In the case of securities entered on a 20 account (non-exempt client in the X/N system), the only transactions referred to in article 3.2 which the NBB-SSS shall admit are transactions notified under codes 10, 12, 15, 21, 22, 38 and 39.

3.2.1.7 Notifications sent by third parties on behalf of participants

Trading and clearing platforms, listed in **annex 18.0**, may have been granted authority by their members, participants of the NBB-SSS, to send notifications to the Bank.

Once the power of attorney reproduced in **annexes 18.1, 2, 3, 4 and 5** duly completed and signed, has been transmitted to the Bank, the NBB-SSS shall accept notifications sent by these platforms in the name of the participant signing the power of attorney, to the extent and subject to the conditions stipulated in that power of attorney.

The special rules on the matching of these notifications are set out in **annex 6.2**.

3.2.1.8 Special provisions concerning the transactions with foreign national securities settlement systems

Without prejudice to article 10 of the regulations, the foreign national securities settlement systems specified in **annex 17** will participate in the NBB-SSS. The specific provisions, formulated in **annex 17** for each of the systems respectively, cover the transfers to and from the system concerned, supplementing the other provisions given in these regulations (including the annexes). Should the special provisions applicable, provided for in **annex 17**, deviate from other provisions in these regulations (including the annexes), the special provisions shall take precedence.

3.2.2 Purchase/Sale

3.2.2.1 General provisions

The NBB-SSS shall record purchases and sales of securities. The NBB-SSS shall generate a movement of securities between two participants which have notified the transaction and a flow of cash in the opposite direction. The settlement of securities and flow of cash shall take place in accordance with the DVP principle.

The notification shall indicate transaction code 10 and shall contain the information indicated in **annex 6.2.1**. Bilateral notification is required.

3.2.2.2 Specific facilities in the case of sales to Euroclear Bank and Clearstream Bank in Luxembourg

(Article deleted)

3.2.3 Settlement of transactions effected on Euronext Brussels

Transactions effected on the Euronext Brussels market may be settled in the NBB-SSS.

The settlement system shall record such settlements under transaction code 12.

With the exception of the transaction code and article 3.2.2.2, all the provisions of these regulations applicable to purchases/sales (in particular article 3.2.2.1) shall apply to such settlements. The two notifications required for the settlement of the transaction shall be sent directly and exclusively by LCH.Clearnet, without the involvement of the participants.

The notifications shall contain the information specified in **annex 6.2.3**.

3.2.4 Free of payment (FOP) transfer

3.2.4.1 General provisions

The NBB-SSS shall permit the transfer of securities without any movement of cash (i.e. a free transfer):

- between the accounts of two different participants;
- between an account held by a participant under one identifier and an account held by the same participant under another identifier.

The notification shall indicate the transaction code 21.

The notification shall contain the information specified in **annex 6.2.5** (only available in Dutch and French). Exceptionally, where a free transfer is concerned in favour of a foreign national system mentioned in **annex 17**, the notification shall contain the information given in **annex 6.2.5bis**, in accordance with the special conditions provided for in **annex 17**.

Bilateral notification is required.

3.2.4.2 Special facilities for free transfers to Euroclear Bank and Clearstream Bank in Luxembourg

(Article deleted)

3.2.5 Internal transfer

The NBB-SSS shall permit the internal transfer of securities between two accounts held by a participant under the same identifier.

The notification of internal transfer shall indicate:

- transaction code 15 if the internal transfer of securities corresponds to a purchase/sale;
- transaction code 22 in all other cases.

The notification shall contain the information indicated in **annex 6.2.4**.

A single notification is sufficient.

3.2.6 Repurchase agreement («repo») with linked settlement of the cash and forward legs

3.2.6.1 Preliminary remarks

A repurchase agreement (or «repo») is a cash sale of securities simultaneously involving a forward repurchase between the same parties.

At the option of the participants, the cash and forward elements of the repo transaction may be settled in the NBB-SSS:

- either linked with one another, in accordance with the rules laid down by the present article 3.2.6;
- or independently («Buy/Sell Back» arrangement) in accordance with the rules laid down by article 3.2.7.

3.2.6.2 Basic transaction

Each participant shall send a notification with transaction code 70 or 76 depending on whether the repo transaction is settled by a movement from one of the participant's own securities accounts (account 01 or 02) or from a client's securities account. If the transaction is settled between two accounts held by the same participant, the notification must bear transaction code 72.

In accordance with article 3.2.1.6, a non-exempt client securities account (account 20) may not be used for repurchase transactions.

Transaction code 70 and 76 notifications may be matched with one another. It is therefore possible for a participant to notify a repurchase transaction under transaction code 70 while his counterparty in the NBB-SSS notifies the same transaction under transaction code 76.

After settlement of the cash transaction, the NBB-SSS shall automatically generate, with the purpose of settlement the forward transaction:

- a transaction code 71 notification by the sender of a code 70 notification;
- a transaction code 73 notification by the sender of a code 72 notification;
- a transaction code 77 notification by the sender of a code 76 notification.

The forward leg may be settled at the earliest on the next Target day following the settlement of the cash leg.

The participant may cancel his transaction codes 73 and 77 unilaterally if they concern a client securities account. The cancellation notification (code 90) shall refer to notification sender number of the original transaction code 72 or 76 and may be sent only on the value date of the forward transaction, but not later than 11.00 hrs.

Transaction code 70 or transaction code 76 notifications shall contain the information specified in **annex 6.2.14**. Transaction code 72 notifications shall contain the information specified in **annex 6.2.14bis**.

A bilateral notification is required for transaction codes 70 and 76.

A single notification is sufficient for transaction code 72.

3.2.6.3 Margin call associated with a basic transaction

The parties to a repo transaction may agree that, during the contract, margin calls will be made if appropriate, according to arrangements which they determine, by reducing or increasing the amount of the securities assigned.

Participants shall instruct the NBB-SSS to settle a margin call associated with a basic transaction by submitting a transaction code 75 notification. Margin calls notified in this way must relate to the transfer of the same securities as those of the basic transaction. In the case of transactions notified under transaction code 72, no margin calls may be settled via a transaction code 75 notification.

The NBB-SSS shall automatically adapt the characteristics of the forward leg of the basic transaction according to the amount of securities transferred in the margin call. In this connection, account must be taken of the right to cancel the forward leg if it forms the subject of a transaction code 77 notification.

A margin call may only be notified to the NBB-SSS after the cash leg of the basic transaction has been settled.

Bilateral notification is required.

The value date of the margin call must fall between the value date of the cash leg and that of the forward leg.

The notification shall indicate transaction code 75 and contain the information specified in **annex 6.2.15**.

3.2.6.4 Automatic transfer of income due

If, between the value date of the cash transaction (not included) and the value date of the forward transaction (included), income becomes due and is paid on the assigned securities, the NBB-SSS shall officially debit the purchaser's cash account with the amount of the income (converted to euro if expressed in Belgian francs) and transfer that amount back (converted, if necessary) to the cash account of the seller. For this purpose, the NBB-SSS shall take account of margin calls on securities (transaction code 75) which were settled prior to the due date for the income.

No transfer shall be effected for transactions settled between two accounts held by the same participant (transaction code 72 for the cash leg and 73 for the forward leg). In such cases the participants shall be informed by e-mail of the income due date at the end of the Target day preceding the due date for the income; they shall arrange the corresponding payments themselves.

3.2.7 Repurchase agreement («repo») with independent settlement of the cash and forward legs

At the option of the participants, the NBB-SSS may settle the cash and forward legs of a repo transaction:

- either in association with one another (linked), in accordance with the provisions of article 3.2.6;
- or independently («Buy/Sell Back procedure») in accordance with the provisions of the present article 3.2.7.

For independent settlement of the cash leg of a repurchase transaction, the two participants concerned shall each send the NBB-SSS a transaction code 78 notification.

For independent settlement of the forward leg of a repurchase transaction, the two participants concerned shall each send the NBB-SSS a transaction code 79 notification.

The consequences of the independent processing of the cash and forward legs of the transaction are as follows:

- the NBB-SSS does not check that the transaction code 79 notification was preceded by a transaction code 78 notification. In particular, it does not carry out any check on the consistency of the transaction code 78 and code 79 notifications;
- non-settlement or delayed settlement of a transaction code 78 notification does not in itself affect the settlement of a transaction code 79 notification;
- the NBB-SSS cannot handle a margin call (transaction code 75) on a repurchase transaction notified under transaction codes 78 and 79;
- the NBB-SSS does not transfer income due on securities concerned in a repurchase transaction notified under transaction codes 78 and 79.

The notification shall quote transaction code 78 or 79 and shall contain the information specified in **annex 6.2.16**.

A bilateral notification is required.

3.2.7 bis Global margin call on repurchase agreements

Participants may order the NBB-SSS to settle a margin call in securities relating globally to a number of repurchase agreements. For this purpose, they shall send a transaction code 74 notification to the NBB-SSS. The NBB-SSS then generates a transfer of securities without movement of cash between the two participants who notified the transaction.

The NBB-SSS's involvement in the execution of the global margin call is confined to the execution of a transfer of securities in accordance with the instructions received in the transaction code 74 notification. Thus, the NBB-SSS does not check the existence of the underlying repurchase agreements, and in particular it does not check that the margin call conforms to the conditions agreed between the parties to these repurchase agreements. Moreover, the NBB-SSS is not involved in any refunding between the parties of income due on securities forming the subject of a global margin call.

The participants may return the securities forming the subject of a global margin call by sending the NBB-SSS a free transfer notification (transaction code 21).

The global margin call notification shall indicate transaction code 74 and shall contain the information specified in **annex 6.2.14ter**. Bilateral notification is required.

3.2.8 Securities swaps

(Article deleted)

3.2.9 Lending and borrowing of securities

The NBB-SSS shall generate automatic lending operations.

If, between the value date of the grant of the loan (not included) and the value date of the loan reimbursement (included), interest is paid on the securities loaned, the NBB-SSS shall automatically debit the amount of the income (converted to euro if expressed in Belgian francs) to the current account of the borrower and transfer that amount back (converted, if necessary) to the current account of the lender.

3.2.9.1 Loans by mutual agreement

(Article deleted)

3.2.9.2 Automatic securities lending system

3.2.9.2.1 GENERAL PROVISIONS

To participate in the automatic lending system, borrowers and lenders must sign the «automatic lending agreement» shown in **annex 2**. This agreement defines the rights and obligations of each party, but without prejudice to the derogations provided for in the regulations, which shall prevail over the agreement in accordance with article 2.2.2 of the regulations.

As regards borrowing, participants may act as borrowers in the automatic lending system only in the case of transactions involving the debiting of their own securities account (account 01) or trading account (account 02).

As regards lending, participants may only act as lenders in respect of securities entered on their own accounts (account 01) and trading accounts (account 02). Furthermore, the NBB-SSS shall offer participants' clients the option of presenting themselves as lenders in the automatic lending system. Subject to due authorisation by the clients concerned, a participant may use a client's account to supply a lender client's account (accounts 30 to 39). The latter shall participate in the same way as own accounts (accounts 01) and trading accounts (accounts 02) in the allocation of loans generated by the system. Participants shall take the necessary measures to allocate the loan commission.

3.2.9.2.2 LENDABLE SECURITIES

Only securities with sufficient liquidity and for which a correct price can be obtained may be lent through the automatic lending system. These securities are listed in **annex 14**. Furthermore, securities may no longer be lent from the fifth Target day (inclusive) preceding the final date of reimbursement of that security.

In principle, all the securities entered in 01, 02 and 30 to 39 accounts held by participants who have signed the agreement may be lent. However, participants may restrict the lendable amount to a proportion of their portfolio. The part available for lending may vary according to the category of securities indicated in the annex to the automatic lending agreement. In no case may it be less than 10 %. It shall apply to each individual account and security (ISIN). Any change in the proportion available for lending shall be notified by ordinary letter, fax or e-mail (see form in **annex 2**) taking effect three Target days after its receipt by the NBB-SSS. The NBB-SSS shall, in principle, observe the following limits on the granting of loans:

- the total loan applications for any security for any given day must not exceed 10% of the total entered in the settlement system for that security;
- loans to the same borrower must not exceed 5% of the amount of that security in circulation.

3.2.9.2.3 PLEDGES

3.2.9.2.3.1 Pre-constituted pledge

Borrowers shall have the right to constitute in advance, in favour of the Bank, a pledge to cover all their automatic borrowings.

The pre-constituted pledge may concern:

- registered entries in the Belgian State Debt Ledger;
- securities eligible for automatic pledging in accordance with article 3.2.9.2.3.2 of the regulations; these securities must be pledged in favour of the Bank in accordance with article 3.2.10.1, by a transaction code 51 notification, with participant 9999 as the pledgee.

The pre-constituted pledge shall guarantee reimbursement of the principal, interest and costs:

- on all securities which have been and will be lent to the borrower via the automatic lending system, including agreed interest, payable monthly, on automatic loans and interest to be transferred back in accordance with article 3.2.9, second paragraph; and
- all sums which are and will be payable by the borrower to the Bank, owing to the acquisition of replacement securities on the market, in accordance with the procedures stipulated by the special automatic lending agreement.

The value of the securities pledged must at all times represent at least 110% of the value of all the securities borrowed. Failing that, the Bank may on its own initiative constitute automatic pledges in accordance with the procedures laid down in article 3.2.9.2.3.2 of the regulations to the extent necessary to ensure that this guaranteed ratio is maintained.

Any change in the composition of the pre-constituted pledge (substitution of pledged securities), in addition to the Bank express prior consent, shall presuppose that the new securities are in principle equal in value to the securities replaced.

For the purposes of the two preceding paragraphs and the first paragraph of article 3.2.9.2.3.2., «value» shall mean the market value of the securities concerned (including accrued interest) minus the valuation haircut specified by the general documentation on monetary policy instruments and procedures of the ESCB¹ (see **annex 15**).

The pre-constituted pledge may be terminated only with the prior express consent of the Bank, and on condition that the borrower:

- has notified the Bank in writing of his intention to obtain free disposal of the pledged securities, by giving notice totaling 3 Target days; and
- has previously repaid the principal, interest and costs on the automatic loans contracted in his name under cover of the pre-constituted pledge.

3.2.9.2.3.2 Automatic pledge

If the value of the securities making up the pre-constituted pledge does not represent at least 110% of the value of all the securities to be borrowed, the borrower shall irrevocably authorise the Bank to constitute supplementary pledges of securities known as «automatic pledges», at any time. Automatic pledges shall be constituted by entering the amount of the securities pledged in a special account opened with the NBB-SSS (type 52 account).

Automatic pledges must relate to securities which cumulatively meet the following conditions:

1. they are credited to the own account (01 account) or the trading account (02 account) held by the borrower;
2. they are among the assets eligible for the monetary policy operations of the ESCB²;
3. the due date for final redemption of these securities is at least two Target days after the date of the pledging.

Among the securities meeting the conditions of the preceding paragraph, the Bank shall, at its own discretion, determine the nature and amount of those registered in the borrower's name which shall be automatically pledged or substituted for an existing pledge to ensure reimbursement of the securities lent. Securities entered in own accounts (01 accounts) shall, in principle be used first, securities entered in trading accounts (02 accounts) being used to supplement them.

¹ The percentage valuation haircuts applied by the NBB-SSS to the underlying assets is determined by the European Central Bank (ECB). The rules for calculating the valuation haircut can be consulted on the ECB website (www.ecb.int).

² The list of securities eligible for pledging issued in the NBB-SSS is published on <http://www.nbb.be/doc/ti/securities.xls> (column i collateral = Y).

The Bank shall, at its own discretion, allocate each automatic pledge to a securities loan which it has designated for that purpose.

Automatic pledges shall guarantee the reimbursement of the principal, interest and costs on:

- the securities loans to which they are allocated, including the agreed interest payable monthly on those loans and the interest to be transferred back in accordance with article 3.2.9, second paragraph, of the regulations; and
- all sums which are or will be payable by the borrower to the Bank, owing to the acquisition of replacement securities on the market, in accordance with the procedures stipulated by the automatic lending agreement. Loans of securities to which automatic pledges are allocated shall also be guaranteed by pre-constituted pledges in accordance with article 3.2.9.2.3.1.

In accordance with article 5.2.1 of the regulations, the Bank shall on the same day advise the borrower concerned of the creation of an automatic pledge. The statements of account referred to in the same article 5.2.1 shall determine the particular securities loan to which each automatic pledge is allocated.

In the case of reimbursement on the due date of the loan to which an automatic pledge is allocated, the pledge shall immediately be released by the Bank. To that end, the Bank shall transfer the securities pledged (account 52) and credit them to the account from which they were debited (account 01 or account 02) when they were pledged.

The automatic creation and release of pledges shall be executed free of charge.

3.2.9.2.3.3 Rules common to pre-constituted and automatic pledges

The borrower shall guarantee that the securities allocated by way of a pledge are owned by him and are fully available for that purpose.

In the case of failure to effect reimbursement on the due date of the securities lent, in terms of the principal, interests and costs, or immediate reimbursement of the purchase price, in terms of the principal, interest and costs, in the case of securities acquired by way of replacement in accordance with the automatic lending agreement, the Bank may realise the pledges in its favour in whole or in part in accordance with the laws and regulations in force. To that end, the borrower shall irrevocably authorise the Bank to transfer, without notice or warning, to the credit of an account held by the Bank as a direct participant in the NBB-SSS, the securities constituting the pre-constituted pledge in accordance with article 3.2.10.1 of the regulations and the securities constituting the automatic pledge. If, for technical reasons, such securities pass through another account held by the borrower, that shall not restore them to the possession of the borrower.

The existence of pre-constituted or automatic pledges shall not affect the Bank's exercise of the liens conferred on it by law, in particular the liens regulated by article 7 of the law of 23 February 1998 establishing the Organic Statutes of the National Bank of Belgium and by article 41 of the law of 6 April 1995 on secondary markets, the status and supervision of investment enterprises, investment intermediaries and advisers.

3.2.9.2.4 SPREADING OF THE RISK OF DEFAULT BY AN AUTOMATIC BORROWER

If a borrower defaults, for any reason whatsoever, the balance of the principal, interest and costs on the claim for reimbursement of the loan (or the purchase price of securities acquired by way of replacement in accordance with the automatic lending agreement) not covered by the realisation of the pledges referred to in article 3.2.9.2.3 of the regulations shall be automatically divided among the participants who have signed the automatic lending agreement in accordance with the «a» ratios defined in article 6.4.7.4.2 of the regulations (calculated on the date on which the loan should have been repaid). The share of each of those participants shall thus be determined as follows:

$$\frac{\textit{sum of all the «a» ratios of the participant concerned}}{\textit{sum of all the «a» ratios of all participants who have signed the automatic securities lending agreement}}$$

Participants who have signed the automatic lending agreement shall jointly and severally undertake to guarantee and indemnify the Bank against any detrimental effect whatsoever arising from the default of a borrower using an automatic loan.

3.2.9.2.5 CREATION OF TRANSACTIONS

Loan transactions, loan return transactions, automatic pledges and the release of automatic pledges shall be generated automatically by the NBB-SSS. Notifications for loan return transactions and the release of automatic pledges shall be created by the NBB-SSS from the moment of the granting of the loan, value dated on the next Target day.

3.2.10 Pledging

3.2.10.1 Creation of the pledge

A participant may pledge securities which he holds on his own securities account (account 01) or trading account (account 02) by transferring them to the 51 account opened in his name for that purpose.

The transfer shall be executed by the NBB-SSS subject to the following two cumulative conditions:

1. the pledger shall send the NBB-SSS the transaction code 51 notification described in **annex 6.2.10**;
2. the pledgee shall send the NBB-SSS a letter duly signed or a secure e-mail, as described in article 5, in which he consents to the constitution of the pledge. Any pledgee who is not a participant in the NBB-SSS shall be allocated an identification number, at his written request. That number must be stated in the notification by the pledger.

A pledge notification may concern only one security (one ISIN code).

The transfer shall, in principle, be effected at the earliest on the Target day following the date on which the notification and the letter of confirmation or secure e-mail have both reached the NBB-SSS. However, if the NBB-SSS is in possession of the letter (or secure e-mail) and notification sufficiently early in the day, it may decide to carry out the transfer on that same day.

Securities pledged on a 51 account shall not be released from that account except in accordance with articles 3.2.10.2 to 3.2.10.4.

3.2.10.2 Pledge substitution

Participant pledgers and pledgees may replace the security pledged on the 51 account with another security. This substitution must concern the whole of the security pledged.

This modification of the composition of the pledge shall be carried out by the NBB-SSS subject to the following two cumulative conditions:

1. the pledger participant shall send the NBB-SSS the transaction code 58 notification described in **annex 6.2.11**;
2. the pledgee shall send the NBB-SSS a duly signed letter, or a secured e-mail; see article 5, in which he consents to the modification of the composition of the pledge.

The modification of the composition of the pledge may take place, at the earliest, on the Target day following the day when the pledge in question was constituted or, where appropriate, on the day on which the composition of the pledge concerned was first changed.

In addition, the change in the composition of the pledge shall, in principle, be made on the Target day following the date on which the notification and the letter of confirmation or secured e-mail have both reached the NBB-SSS. However, if the NBB-SSS is in possession of the letter (or secured e-mail) and notification sufficiently early in the day, it may decide to carry out the pledge replacement on that same day.

3.2.10.2bis Increase or reduction in the amount pledged

The pledger participant and the pledgee may, by mutual agreement, increase or reduce the nominal amount of the pledge constituted on the 51 account.

The change in the amount pledged shall be effected by the NBB-SSS on fulfillment of both the following conditions:

1. the pledger participant shall send the NBB-SSS the transaction code 57 notification described in **annex 6.2.10bis**;
2. the pledgee shall send the NBB-SSS a duly signed letter or secured e-mail, see article 5, in which he agrees to the change in the pledge.

The change in the amount pledged may be effected at the earliest on the Target day following the day on which the pledge concerned was constituted or, where appropriate, the day on which the composition of the pledge concerned was first modified.

In addition, the change in the amount pledged shall, in principle, be effected on the Target day following the day on which the notification and the letter of confirmation (or secured e-mail) both reached the NBB-SSS. However, if the NBB-SSS is in possession of the letter or secured e-mail and the notification sufficiently early in the day, it may decide to effect the change on the same day.

3.2.10.3 Total release of the pledge

Pledger participants and pledgees may, by mutual agreement, release the pledge created on the 51 account.

The release of the pledge referred to in the first paragraph shall be carried out by the settlement system subject to the following two cumulative conditions:

1. the pledger participant shall send the NBB-SSS the type 59 notification described in **annex 6.2.12**;
2. the pledgee shall send the NBB-SSS a letter duly signed or secured e-mail in which he consents to the release of the pledge.

The release of the pledge may take place at the earliest on the Target day which follows the day on which the pledge concerned was created or, if appropriate, the day on which the composition of the pledge concerned was modified for the last time.

In addition, the release of the pledge shall, in principle, take place on the Target day following the date on which the notification and the letter of confirmation or secured e-mail referred to in the second paragraph have both reached the NBB-SSS. However, if the NBB-SSS is in possession of the letter (or secured e-mail) and notification sufficiently early in the day, it may decide to carry out the release on that same day.

3.2.10.4 Realisation of the pledge

In the case of failure to pay the claim covered by a pledge created in the NBB-SSS by the entry of securities on a 51 account, the pledgee may order the transfer to an account which he holds as a direct participant in the NBB-SSS, or to an account of another participant, of all or some of the securities pledged in his favour in order to realise them in accordance with the legislation and regulations in force.

This transfer shall be carried out by the NBB-SSS subject to the following two cumulative conditions:

1. the pledgee shall send the NBB-SSS a duly signed letter, by registered post or registered with advice of receipt, or a secured e-mail, as described in article 5, in which he:
 - requests the transfer;
 - indicates the participant to whose account the securities are to be transferred; and
 - certifies that there has been failure to pay the claim covered by the pledge;
2. the participant to whose account the securities are to be transferred (if appropriate, the pledgee himself) shall send the NBB-SSS a notification identical with that used for receipt of a free transfer. That notification shall enter in the appropriate reference field the words «pledge for» followed by the pledgee's identification number.

This transfer may be made at the earliest on the Target day which follows the day on which the pledge concerned was created or, if appropriate, the day on which the composition of the pledge concerned was modified for the last time.

In addition, the transfer of securities shall, in principle, be made on the Target day following the date on which the letter (or secured e-mail) and the notification of confirmation have both reached the NBB-SSS. However, if the NBB-SSS is in possession of the letter (or secured e-mail) and notification sufficiently early in the day, it may decide to carry out the transfer on that same day.

The verification by the NBB-SSS shall be limited to the conditions referred to in the second paragraph. The NBB-SSS shall be expressly free from responsibility for checking any other aspects of the validity of the transfer and realisation of the pledged securities, such as the genuine nature of the default on payment, completion of the legal formalities relating to prior warning, and the use to which the securities are put after their transfer.

3.2.10.5 Payment of interests and redemption of pledged securities

Payment of interest due on pledged securities on a 51 account and reimbursement of the principal sum on the same securities are governed by articles 3.1.3.1 and 3.1.3.2 respectively.

3.2.11 Transfer of securities to and from the CIK

(Article deleted)

3.2.12 Transfers of securities to and from the State Debt Ledger

3.2.12.1 Transfer to the Ledger

Participants may convert Belgian State debt securities registered on accounts with the NBB-SSS into registered entries in the State Debt Ledger in so far as the issue decree or the loan agreement permits such conversions.

To make this conversion, participants must:

1. send to the Bank, c/o Securities Unit, the «registration application» form (see specimen attached in **annex 12** to the regulation); and
2. send the NBB-SSS a notification with transaction code 38 and counterparty number 9020.

In accordance with articles 24 to 25bis of the RD of 23 January 1991 on State debt securities, no conversion transaction may be carried out during the 5 Target days preceding a date for the payment of interest or reimbursement of principal on the category of securities concerned (same ISIN code).

The transaction code 38 notification shall contain the elements described in **annex 6.2.7**.

3.2.12.2 Transfer from the Ledger

Participants may convert securities recorded in the Belgian State Debt Ledger into securities recorded on an account with the NBB-SSS in so far as the issue decree or the loan agreement permits such conversions.

To carry out this conversion, participants must:

1. send to the Bank, c/o Cashier Unit, a conversion form (see specimen attached in **annex 13** to the regulation); and
2. send to the NBB-SSS a notification with transaction code 39 and counterparty number 9020.

The ban on conversion during the 5 Target days preceding the payment date as specified in article 3.2.12.1 shall also apply.

The transaction code 39 notification shall contain the elements described in **annex 6.2.7**.

3.2.13 Transfer of securities from and to the Deposit and Consignment Office (DCO)

3.2.13.1 Transfer to the DCO

Securities may be deposited with the DCO by transfer within the NBB-SSS from a participant's securities account to the securities account of the Office.

For that purpose, a participant acting on behalf of the depositor shall send:

1. to the Bank, c/o Securities Unit, a deposit form (see the usual provisions regarding surety); and
2. to the NBB-SSS, a notification with transaction code 38 and counterparty number 9008.

The standard transaction code 38 notification contains elements as described in **annex 6.2.7**.

3.2.13.2 Transfer from the DCO

Securities may be returned by the DCO in the form of a transfer within the NBB-SSS from the Office's securities account of the participant to a NBB-SSS participant's securities account.

For that purpose, a participant acting on behalf of the depositor shall send:

1. the top copy of the initial deposit form (see the usual provisions regarding surety) to the Securities Unit;
2. a notification with transaction code 39 and counterparty number 9008 to the NBB-SSS.

The standard transaction code 39 notification contains elements as described in **annex 6.2.7**.

3.2.14 Deposits of bearer securities

3.2.14.1 Withdrawals of new State issues

(Article deleted)

3.2.14.2 Deposit of securities for dematerialisation¹

In the case of bearer securities accepted by the NBB-SSS, deposits must be made at the counters of the Securities unit at the Bank's headquarters in Brussels, which are open from 09.00 to 15.30 hrs every working day. It is also possible to send them via registered letter or EXSECO².

¹ This article is no longer valid from 31-12-2012.

² www.nbb.be>National Bank>Tasks and activities>Services to the financial sector>EXSECO.

Participants shall send the NBB-SSS a transaction code 39 notification with participant 9556 as the counterparty. In principle, the value date shall be the Target day following the date of submission. After the usual checks, the transaction code 39 notification shall be validated and the account of the NBB-SSS participant shall then be credited in accordance with the usual procedures.

This article shall not affect any limits or prohibitions applicable to deposits of bearer securities pursuant to the regulatory stipulations.

3.2.15 Stripping and reconstitution of securities

In accordance with the RD of 16 October 1997 concerning OLOs and the Ministerial Decrees¹, an OLO can be split into one bond that constitutes the principal and bonds representing the interest for a fixed coupon maturity date. The reconstitution of the stripped securities to the original bond is also possible.

Only Primary and Recognized Dealers are authorised to request the stripping or reconstitution of OLOs. If they are not a direct participant, they must send the NBB-SSS the below-mentioned notification via the participant representing them.

3.2.15.1 Stripping of securities

Participants shall send the NBB-SSS a transaction code 21, status V, notification with counterparty number 9888 in accordance with the provisions in **annex 6.2.5**, with specifications of the OLO to be stripped and the nominal amount.

The notification must reach the NBB-SSS at the latest by 13.00 hrs on its value date for the stripping to be carried out on the same day.

Just after settlement of the notification, the NBB-SSS shall create, through code 31 transactions, all strips on the securities account of the participant. No intervention from the participant shall be required for this.

The number of code 31 transactions for supply of the strips shall be determined in the following way:

- one notification for the creation of the strip representing the principal,
- one notification per non-expired coupon for the creation of all bonds, each of which individually represents the interest from a non-expired coupon.

3.2.15.2 Reconstitution of securities

Before delivery of the strips, participants shall send the NBB-SSS a number of transaction code 21, status V, notifications with counterparty number 9888 in accordance with the provisions in **annex 6.2.5**.

Notifications of the strips must reach the NBB-SSS at the latest by 13.00 hrs on their value date for the reconstitution to be carried out on the same day.

¹ Ministerial Decree of 12 December 2000 on general rules concerning OLOs and Ministerial Decree that is enacted upon issue of each new OLO.

The number of code 21 notifications to be sent by participants for supply of the strips shall be determined in the following way:

- one notification for delivery of the bond representing the principal,
- one notification per non-expired coupon for the delivery of all bonds, each of which individually represents the interest from a non-expired coupon.

In addition, participants shall send the NBB-SSS a code 21, status A, transaction notification with counterparty number 9888 in accordance with the provisions in **annex 6.2.5**, with specifications of the OLO to be reconstituted and the nominal amount. The notification must reach the NBB-SSS at the latest by 13.00 hrs on its value date for the operation to be carried out on the same day.

Once all notifications of the strips have been settled, the NBB-SSS shall match this notification with transaction code 21.

3.3 Reservations

To the extent provided for by the Regulations on intraday credits and monetary policy operations of the National Bank of Belgium or other contractual provisions binding upon the Bank and a participant, the Bank shall reserve securities registered in the participant's own accounts (01 account) and trading accounts (02 account) to guarantee its claims on that participant. This reservation shall have the effect of reducing the reserve of securities freely available to the participant, and if necessary preventing settlement of certain transactions in the NBB-SSS pursuant to article 6.4 of these regulations.

More specifically, the purpose of the reservation is to ensure that a sufficient basis exists in practice for the legal liens accorded to the Bank, as referred to in article 3.2.9.2.3.3. However, failure to comply with this reservation formality shall not affect the fundamental purpose of the basis for the said liens, which shall automatically include the whole of the securities portfolio belonging to the participant concerned.

In the event of failure to pay the claims guaranteed by these liens, the Bank may on its own initiative transfer, without warning or notice, all or some of the securities registered on the debtor's own accounts and trading accounts to the accounts held by the Bank as a direct participant in the NBB-SSS, in order to realise the securities under the conditions laid down by the laws or regulations.

The Bank shall be authorised to retain the amount of interest paid on the securities reserved or the amount of the redemption on those securities if such payment or redemption reduces the basis for the liens referred to above to a level below the amount of the Bank's claims on that participant, after implementation, if appropriate, of the risk control measures applicable.

Sums retained pursuant to the preceding paragraph shall not yield interest. They shall be paid or restored to the counterparty when the guarantees to be provided in favour of the Bank have regained an adequate level.

4. Instructions processing

4.1 Receipt of instructions

Instructions sent by SWIFT will enter the NBB-SSS from 06.00 hrs; they are automatically recorded. Instructions sent by hard copy or transmitted via secured e-mail, as described in article 5, will be manually recorded in the with the minimum of delay from 08.15 hrs.

Instructions must be transmitted to the NBB-SSS as quickly as possible. In principle, manual instructions will not be entered after 16.30 hrs; instructions by means of SWIFT in principle will not be registered after 17.15 hrs. This timetable may be extended to meet specific requirements, in particular instructions relating to transactions in an M batch.

4.2 Deadline for receiving instructions

Instructions must be received by the following deadlines:

- 16.00 hrs for same day transactions;
- 11.00 hrs for same day unilateral cancellations and notifications carried forward;
- 16.30 hrs for manual cancellations concerning next Target day transactions,
- 17.15 hrs for cancellations by means of SWIFT concerning next Target day transactions.

Participants who deem it necessary may ask for acceptance of notifications after 16.00 hrs but before 16.10 hrs on the same day, but will incur the penalty provided for by article 7.2.

Annex 17 «Special regulations for transactions with foreign national securities settlement systems» allows some exceptions to the article 4.2.

4.3 Matching

After executing a certain number of syntactical controls (including verifying the existence of participants, securities and accounts), the NBB-SSS attempts to match the instructions. This phase of the settlement process is carried out online at the time each instruction is registered.

If the controls show up negative results, the transaction shall remain unmatched.

The criteria for matching are contained in **annex 6.2**.

4.4 Irrevocability of notifications

1. In the case of transactions for which bilateral notification is required, the notifications shall become irrevocable as soon as they are matched and in principle may not be cancelled except by mutual decision taken by the two parties and notified to the NBB-SSS. Unilateral cancellation is possible in cases where a notification orders a movement to be made on a client securities account.

In the case of transactions for which a single notification is sufficient, the notification may be cancelled unilaterally by the person who issued it.

The above-mentioned provisions are subject to the conditions laid down in article 4.5.2.

2. Subscriptions for State debt securities as communicated by the Federal Public Service (FPS) Finance shall be irrevocable. They may be cancelled only with the express authorisation of that Service.
3. Similarly, Euronext Brussels settlement transactions (code 12) shall be irrevocable. They may be cancelled only with the express authorisation of that institution.
4. Transactions created automatically by the NBB-SSS may not be cancelled, except as provided in article 4.5.2.2.
5. Transactions carried forward may be cancelled under the conditions described in article 4.5.2.3.
6. A notification containing the instruction to debit a client securities account shall not impose a personal obligation to its counterparty on the participant who issued the notification, even if it is matched and irrevocable, except insofar as the securities account in question has sufficient funds at the time of settlement to enable the debit to be executed in accordance with article 6.

The preceding paragraph shall not affect the application of the penalty provided for in article 7.1 for lack of funds.

4.5 Cancellation of notifications

4.5.1 Notification of cancellation

In order to cancel a notification, participants shall send a transaction code 90 notification containing the information set out in **annex 6.2.17**.

Cancellations via a SWIFT message should refer to the SWIFT user's guide as mentioned in article 5.1.3.

4.5.2 Cancellation procedures and deadlines

4.5.2.1 Unmatched notifications

Unmatched notifications may be cancelled up to 16.10 hrs on the day of the value date. Failing cancellation by the participant, such notifications shall be cancelled automatically by the NBB-SSS at the end of the day (value date) on payment of the fee specified in article 8.2.

4.5.2.2 Unsettled matched bilateral notifications and unsettled unilateral notifications

The cancellation must be sent by 17.15 hrs on the Target day preceding the value date:

- for bilateral notifications, by the two participants concerned;
- for unilateral notifications, by the participant concerned.

However, if the securities account mentioned in the original notification is a client account, the participant holding the account may unilaterally cancel that notification, be it bilateral or unilateral, up to 11.00 hrs on the value date.

In the case of a bilateral notification, the counterparty shall be informed of the fact that his notification has again become unmatched.

Notwithstanding the preceding paragraphs, notifications generated by the NBB-SSS may not under any circumstances be cancelled, except for notifications transaction code 73 and 77, which may be cancelled under the conditions laid down by article 3.2.6.1.

4.5.2.3 Notifications carried forward

Notifications carried forward as a result of a shortage of securities or cash in accordance with article 6.5 may be cancelled up to 11.00 hrs on the day of the new value date, either unilaterally or bilaterally, as specified in article 4.4 point 1.

4.5.2.4 Settled notifications

Once notifications have been settled, cancellation shall no longer be possible. The participants shall retain the right to submit a converse notification, which will then be processed by the NBB-SSS as a separate transaction.

5. Means of communication

5.1 Communication to the settlement system by participants

The following means of communication may be used to transmit notifications to the NBB-SSS: paper document, secure e-mail, SWIFT network and Wirow.

Following the request made by a participant, the Bank may, in cases of force majeure, allow the participant to transmit notifications to the NBB-SSS by a means of communication other than those described. In this case the Bank shall take the measures considered reasonable and necessary for recording the notifications in the system, without being committed to results on deadlines or comprehensiveness.

5.1.1 Paper

Notifications shall be sent to the NBB-SSS either on the forms which the Bank makes available to participants for that purpose (**annex 7**) or by means of any other document identical in presentation and content, made out by participants.

All notifications shall comprise two sections: one for the NBB-SSS and the other to be retained by the participant. In the case of any disparity between the particulars given on the right-hand side of the form and those on the left-hand side, the right-hand-side particulars shall take precedence.

Notifications must bear authorised signatures.

The Bank reserves the right to refuse to act upon those notifications made on paper which are either illegible or subject to different interpretations, or which contain obvious errors.

5.1.2 Secure e-mail

Notifications may be communicated to the NBB-SSS via secure e-mail bearing as attachment the standard form provided for this purpose which is made available to all participants through the Bank (**annex 7**) or any other similar documents drawn up by participants in which the presentation and the contents are identical to the standard forms.

Use of this means of communication is subject to the application and strict compliance with the guidelines and procedures set out in **annex 16**.

5.1.3 SWIFT network

Participants may use the SWIFT network to send their notifications direct in the NBB-SSS computer application.

The use of this method of communication shall be subject to strict compliance with the procedures and formats described in the SWIFT user's guide, published separately but also available on www.nbbsss.be and which forms an integral part of these regulations, without prejudice to compliance with the rules of the SWIFT system itself.

5.1.4 ISABEL network

(Article deleted)

5.1.5 WIROW

Participants who have access to Wirow are provided with a functionality¹, which allows them to send e-mails to the NBB-SSS through a secured channel, with attachments containing:

- the standard form provided for this purpose which is made available to participants by the Bank (**annex 7**), or
- similar documents from the participants with a presentation and contents in accordance with the standard forms.

5.2 Communications to participants from the NBB-SSS

5.2.1 Confirmations of settlement and statements of account

Confirmations of settlement and statements of account shall be communicated by SWIFT, secure e-mail or by post, at the option of the participant.

If the participant has chosen communication by SWIFT, confirmations of settlement shall be sent to him after each settlement batch in which one or more of the participant's transactions have been settled. The statement of account shall be sent to him at the end of the day.

If the participant has chosen communication by secure e-mail or by post, confirmations of settlement and statements of account shall be sent to him after the final settlement batch and after each batch M in which one or more of the participant's transactions have been settled.

5.2.2 Advice of receipt/notice of matching

Participants who so request shall be sent an advice of receipt and notice of matching of their notifications by SWIFT, after registration or matching respectively.

5.2.3 Securities data

All admissible and non-expired securities are published on the website www.nbbsss.be. This information may also be consulted via Wirow.

¹ Available from an as yet unspecified date.

5.2.4 Other messages

Lists, urgent messages and notices shall be sent by fax or by e-mail. Circulars and amendments to the regulations shall be dispatched by mail or by e-mail. Other messages sent through SWIFT are mentioned in the SWIFT user's guide, which is published separately and is also available on www.nbbsss.be.

5.2.5 Consultation of NBB-SSS records

The NBB-SSS provides participants with a Wirow consultation facility, which gives participants access to the following data during the course of a Target day:

- status and content of notifications sent to or by the counterparty;
- balances and movements of securities and cash movements resulting from NBB-SSS transactions;
- estimated balances of securities for the day;
- estimated cash balances (in euro) resulting from NBB-SSS transactions;
- basic information on participants and securities;
- historical data.

The details which may be consulted are a copy of the NBB-SSS data base, which is refreshed during the course of Target days several times an hour.

The information that can be obtained via WIROW should in the first instance be consulted in this way before proceeding to an interrogation by phone.

More information on WIROW may be found on the web pages of www.paymentsystems.be (the internet site www.nbbsss.be contains a link to this web page).

5.3 The www.nbbsss.be website

The internet site www.nbbsss.be contains (among other things) the following information:

- general description of the NBB-SSS;
- the regulations and annexes;
- statistical data;
- details concerning participants, securities, coupons, etc.;
- recent developments.

5.4 Protection of privacy

Participants shall take note of the fact that, insofar as use of their data, including personal data, is made by the data transmission services offered by SWIFT, SWIFT shall process the data in accordance with its contractual documentation that can be found on www.swift.com.

6. Settlement of transactions

6.1 General provisions

NBB-SSS shall carry out gross settlement of transactions, in accordance with article 6.2, on the current accounts and securities accounts held in the Bank's books, in accordance with article 6.3.

NBB-SSS shall organise during the day several different settlement batches specific to the various types of transaction accepted, the type of accounts concerned or the various transaction processing processes in accordance with the description in article 6.4. The stated times are given as a guide.

Nevertheless, the Bank may change the content or order of the batches, as defined in article 6.4, in the interests of the efficient operation of NBB-SSS or the Bank's current accounts.

Delivery versus payment shall take place via funds on the participant's current account intended exclusively for that purpose. Those funds shall be called Dedicated Liquidity for NBB-SSS (DLNS). This DLNS can only be delivered via the Ancillary System Interface (ASI) of the TARGET2 Single Shared Platform (SSP).

Annexes 20.0, 20.1, 20.2, 20.3, 20.4 and 20.5 explain the operation of the cash account (DLNS) and the link between NBB-SSS (ASI) and the TARGET2 SSP.

In addition, the settlement of European System of Central Banks (ESCB) monetary policy and credit operations may take priority in any batch.

6.2 Gross settlement principle

Transactions shall be settled in NBB-SSS on a gross basis, transaction by transaction, i.e. without netting either cash movements or movements of securities. Any cash credit or debit and any securities credit or debit for the settlement of an NBB-SSS transaction shall be recorded individually and finally in the current accounts and securities accounts referred to in article 6.3.¹

¹ Corresponding to the «Delivery Versus Payment Model 1 (DVP model 1)».

Notwithstanding the first paragraph, if a transaction entails the charging or refunding of withholding tax on income from movable assets, NBB-SSS shall automatically adapt the cash amount of the transaction to the amount of such tax and transfer the balance thus obtained by a single credit or debit to the current account.

6.3 Current accounts and securities accounts

6.3.1 Current accounts

Cash credits and debits relating to the settlement of securities transactions in euro are registered on participants' current account at the Bank (article 6.1). These debits and credits are effected on the instructions of NBB-SSS, without the participants' intervention.

The current account of an NBB-SSS participant that is used for cash debits and credits arising from his transactions in the settlement system are, in principle, the current account open on the Bank's books in the participant's own name as a Settlement Bank (SB).

However, if a participant does not have such a current account or if he does not wish to use it for this purpose, he shall conclude an agreement with a third party, the Settlement Bank Agent (SBA), that does have such a current account, to the effect that all cash debits and credits arising from his transactions in NBB-SSS can be registered on the current account open in the name of that third party. The participant and the third party will inform the Bank of this agreement, in writing.

Each current account shall be linked to an RTGS account¹ on the TARGET2 platform in accordance with the procedures described in **annex 20.0**. In particular, the current account balance (DLNS) at the beginning of the day shall always be zero, and during the day, sufficient funds must be provided from TARGET2 since a negative balance is not possible. A positive end-of-day balance will be automatically transferred to the TARGET2 account of the Settlement Bank.

6.3.2 Securities account

Credits and debits of securities relating to the settlement of NBB-SSS transactions shall be recorded in the securities accounts opened in the name of the participants in accordance with article 2.3 of these regulations.

6.4 Settlement batches

6.4.1 Batch P

6.4.1.1 Chronological order of the batch

In principle, batch P shall be the first batch on each Target day of NBB-SSS. It shall usually be effected before 08.15 hrs.

¹ RTGS: Real-Time Gross Settlement System.

6.4.1.2 Description

Batch P shall effect the collection from the Treasury of the sums due by the State on securities denominated in euro and in Belgian francs on the day on which the batch takes place, in respect of interest and reimbursements on State debt securities issued in NBB-SSS.

6.4.2 Batch R

6.4.2.1 Chronological order of the batch

In principle, batch R shall be the second batch on each Target day of NBB-SSS. It shall usually be effected before 08.15 hrs.

6.4.2.2 Description

Batch R shall credit to the current account of participants, in accordance with the provisions of article 3.1.3 of these Regulations, the sums due by the State on securities denominated in euro on the day on which the batch takes place, in respect of interests and reimbursements on State debt securities entered in NBB-SSS.

6.4.3 Batch A

6.4.3.1 Chronological order of the batch

The first Batch A shall usually be effected before 08.15 hrs. The Bank may initiate one or more other batches A depending on when the option of unilateral cancellation is terminated, but in principle until 11.00 hrs.

6.4.3.2 Transactions accepted

Batch A is intended for the settlement of all types of transaction excluding:

- a debit or credit to a client securities account; if this account is intended for the settlement of the transactions on behalf of the trading and clearing institutions acting as central counterparties, as listed in **annex 18.0**, these institutions may however request to process these transactions in a batch A in so far as the counterparty does not use a client account for the settlement of the transactions;
- a transaction brought forward from the preceding Target day to the current day in accordance with article 6.5.
- the collection or payment of interest, or the collection or redemption of securities (article 3.1.3) of issuers other than the Belgian State.

6.4.3.3 Transactions processing sequence

Transactions accepted for the batch shall be presented for settlement one by one.

Settlement of monetary policy operations may take priority.

Other transactions shall be presented for settlement according to their value date (original value date for transactions carried forward in accordance with article 6.5) and, where the value date is the same, in chronological order of the matching of the notification.

The transactions shall be settled on the basis of DVP (article 6.2).

If a transaction cannot be settled on presentation owing to lack of funds (within the meaning of the second and third paragraphs of article 6.4.3.4), the transaction shall be placed on a waiting list specific to the securities account and the ISIN code to be debited, and specific to that batch. Once subsequent settlement of a transaction in the same batch has resulted in the crediting of that securities account for that ISIN code, the transactions already entered on that waiting list shall be re-presented for settlement, taking priority over other transactions, in the chronological order of their entry on the waiting list.

Except in the case of use as described above of waiting lists specific to a securities account, each transaction shall be presented for settlement only once in each batch.

If a transaction cannot be settled on presentation owing to lack of cash (within the meaning of the first paragraph of article 6.4.3.4), then that transaction shall not be re-presented during the same batch.

If it is not settled in one batch, the transaction may be settled in subsequent batches to which the transaction is admitted (including any subsequent batches of the same type), under the conditions laid down for the operation of that batch.

This transaction processing sequence shall also apply to batches B, C and D.

6.4.3.4 Required cash and securities positions

A transaction presented for settlement shall not be settled during that batch if, after incorporation of the debit resulting from that transaction:

- the cash balance (DLNS) allocated for the settlement of transactions in the NBB-SSS would show a debit balance;
- the securities account to be debited would show a debit balance, or
- the total computed collateral value of the own account and trading account would be lower than the reserved amount in accordance with article 3.3.

There may be no recourse to automatic lending during such a batch.

6.4.4 Batch B

6.4.4.1 Chronological order of the batch

The first batch B shall be effected after termination of the option of unilateral cancellation, in principle after 11.00 hrs.

The Bank may initiate one or more other batches B up to 12.00 hrs.

6.4.4.2 Transactions accepted

Batch B is intended for the settlement of all types of transactions.

However, the following are excluded: collection and payment of interest and redemption on securities (article 3.1.3) of issuers other than the Belgian State.

6.4.4.3 Transactions processing sequence

The rules in article 6.4.3.3 on the sequence for processing batch A transactions shall also apply to batch B.

6.4.4.4 Required cash and securities positions

The rules in article 6.4.3.4 on funds in the form of cash and securities required in batch A shall also apply to batch B.

6.4.5 Batch C

6.4.5.1 Chronological order of the batch

The first batch C shall take place after 12.00 hrs. The Bank may initiate one or more other batches C before the final settlement batch.

6.4.5.2 Description

Batch C shall collect in euro from issuers other than the State (or from any paying agents acting on their behalf) the sums due from those issuers, on the batch implementation date in respect of interests and reimbursements on securities in euro or in Belgian francs. This collection shall be made in accordance with article 3.1.3 of these regulations.

For the purpose of collection as referred to in the first paragraph, NBB-SSS shall automatically debit the current account defined below:

- if the issuer is an NBB-SSS participant (i.e. if he is not assisted by a paying agent), the current account debited shall be the one used by the issuer for the settlement of his transactions in NBB-SSS in accordance with article 6.3.1;
- in other cases, the current account debited shall be the one used by the paying agent for the settlement of its transactions in NBB-SSS in accordance with article 6.3.1.

If, after incorporation of the debit resulting from such collection, the current account to be debited for the purpose of the collection referred to in the preceding paragraphs presents a debit balance, the transaction shall not be settled during that batch C. It may be settled in subsequent batches to which the transaction is admitted (including any subsequent batches of the same type) on the conditions laid down for the operation of those batches.

6.4.6 Batch D

6.4.6.1 Chronological order of the batch

The first batch D shall take place after 12.00 hrs and after the first batch C. The Bank may initiate one or more other batches D before the final settlement batch.

6.4.6.2 Transactions accepted

Batch D is intended for settlement of all types of transactions.

It is the only batch to effect the payment of interests or reimbursements on securities other than State issues by crediting the current accounts of participants. This is conditional upon the associated collection of funds from the issuer or his paying agent having already been effected in an earlier batch C or D.

6.4.6.3 Transactions processing sequence

The rules of article 6.4.3.3 on the transaction processing sequence in batch A shall also apply to batch D.

6.4.6.4 Required cash and securities positions

The rules of article 6.4.3.4 on the positions required in the form of cash and securities in batch A shall also apply to batch D.

6.4.7 Final settlement batch

6.4.7.1 Chronological order of the batch

Unless a batch M is initiated, the final settlement batch shall be the last batch on each Target day of NBB-SSS. It shall generally be started between 16.15 hrs and 16.30 hrs, and terminated in principle between 16.30 hrs and 16.45 hrs.

6.4.7.2 General principles

The purpose of the final settlement batch is to effect the settlement of transactions of all types not yet settled at that point in the day. The final settlement batch is the only batch in which automatic lending transactions are generated.

The final settlement batch shall consist of a simulation phase and a settlement phase. The purpose of the simulation phase, described in article 6.4.7.3, shall be to determine the transactions, which, by resorting to automatic lending, if necessary, according to the principles described in article 6.4.7.4, can be included in the settlement phase described in article 6.4.7.5.

6.4.7.3 Simulation phase and the elimination of transactions

NBB-SSS shall start the simulation by establishing for the securities accounts referred to in article 2.3 the notional position, which would exist on those accounts if all transactions admitted up to that batch were settled.

If this simulation shows that an own securities account (01 account) or trading account (02 account) would present a debit balance, automatic securities lending shall be used if and in so far as the conditions of article 6.4.7.4 are met.

If, after resorting to automatic securities lending, a securities account (the own account, trading or other account would show a debit balance, NBB-SSS shall set aside the notifications entailing a debit from that securities account, eliminating them one by one in reverse chronological order of receipt until the debit balance is negated. It shall then examine the notifications in order of receipt to see whether any of the transactions set aside can be considered for settlement without causing the balance to become negative again.

If the simulation indicates that the total of the computed collateral value of the own account and the trading account would be lower than the reserve amount in accordance with article 3.3, NBB-SSS shall successively set aside, in reverse chronological order of matching, the notifications entailing a debit from those accounts. This shall continue until the total computed value of the own account and the trading account is at least equal to the reserve amount. Next, the system shall examine, in order of the matching of the notifications, whether transactions, which have been set aside, are nevertheless eligible for settlement, in so far as the computed collateral balance does not fall below the reserve amount.

However, if as a result of notifications being set aside, there is a new securities deficit, a new simulation process shall be launched via an iterative process, as described in the preceding paragraphs. The notifications set aside in the preceding simulation(s) can no longer be considered in this new simulation in an attempt to arrange settlement.

The simulation shall then calculate the cash balance that would be received after settlement of the transactions, which were not set aside in accordance with the preceding paragraphs.

If, following integration of the simulated balance, the cash balance allocated for the settlement of the transactions in the NBB-SSS (DLNS) would show a debit balance which the party concerned cannot rectify in time, the simulation shall successively set aside the notifications entailing a cash debit in reverse chronological order until that is no longer the case.

If the current account concerned (managed by a Settlement Bank Agent) is used to settle the transactions notified by more than one participant, NBB-SSS shall group the transactions of all those participants for the purpose of applying the cancellation in reverse chronological order.

The Bank may also decide, if the problem of insufficient cash funds apparently cannot be resolved within an appropriate period of time, normally by 17.00 hrs, to set aside, at its own discretion, some or all of the transactions of the participant(s) concerned and to proceed with a new simulation.

Notwithstanding the preceding paragraphs, automatic loan reimbursement transactions (including any new borrowings necessary for that purpose) shall take priority in the settlement process.

6.4.7.4 Recourse to the automatic lending system

6.4.7.4.1 DETERMINATION OF BORROWING REQUIREMENTS AND LENDING CAPACITY

The automatic lending and borrowing system shall operate according to the pool principle: total borrowing requirements on a given day for a given security (the same ISIN code) shall be compared with the pool's capacity for lending that security.

Borrowing requirements for a given security shall be determined on the basis of the transactions which, in a simulation, lead to a shortage of funds on the own securities accounts (01 account) or trading accounts (02 account) admitted to the automatic lending system. The NBB-SSS shall check whether the potential borrowers have adequate pre-constituted guarantees.

If the value of the pre-constituted pledge is insufficient within the meaning of article 3.2.9.2.3.1, the NBB-SSS shall automatically generate an additional pledge for the simulation via the borrower's own securities accounts (01 accounts) and, if those accounts are insufficient, via the borrower's trading securities accounts (02 accounts). If despite this action the pledge is still not sufficient, the NBB-SSS shall determine in reverse chronological order the transactions for which a loan cannot be granted. By reducing the own portfolio available for the creation of automatic pledges, a reservation operated in accordance with article 3.3 may have the effect of preventing the granting of a loan.

The lending capacity in a given security shall be determined by adding together the balances of the own and trading securities accounts belonging to participants who are members of the automatic lending system and the balances of the lenders' client accounts (accounts 30 to 39), while respecting the limits imposed by the participants.

6.4.7.4.2 ALLOCATION OF BORROWINGS AND LOANS

Borrowing requirements less than the lending capacity

If the borrowing requirements for any security are less than the overall position available for lending by all automatic lenders in that security, then NBB-SSS shall take the securities from the account presenting the lowest «A» ratio as defined below at the end of the preceding Target day. If the position available for lending on that account is not sufficient to meet all the borrowing requirements in that security, NBB-SSS shall then select the accounts in ascending order of «a» ratios.

For each account from which securities may be lent (01, 02 and 30 to 39), an «a» ratio shall be calculated as follows, on each Target day, taking all securities together as follows:

$$\frac{\text{Numerator of the previous day's ratio} + \text{logarithm (base 10)} \\ \text{of the sum of the nominal amounts lent from this account on that day}}$$

$$\frac{\text{Denominator of the previous day's ratio} + \text{logarithm (base 10) of the sum of the nominal amounts} \\ \text{available for lending on that day from that account for each security for} \\ \text{which there was a borrowing requirement on that day}}$$

The running total for the calculation of the «a» ratio shall commence on the first Target day in each uneven-numbered year and shall end on the last Target day in each even-numbered year. At the start of the first day of each of these two-year periods, all «a» ratios shall be reset to zero and the first loans shall be allocated in ascending order of the lenders' identification numbers. Participants who join the automatic lending system during any period shall start with «a» ratios equal to zero.

Borrowing requirement in excess of the lending capacity

If the borrowing requirements for any security (same ISIN-code) exceed the overall lending position of all automatic lenders of that security, NBB-SSS shall allocate the various loans by according priority to loans from preceding days which have not been repaid, then in chronological order of the notifications which have given rise to the need to borrow up to the total lending capacity.

6.4.7.4.3 ACCOUNTING OF TRANSACTIONS IN THE AUTOMATIC LENDING SYSTEM

In order to guarantee the confidentiality of the transactions, transfers between lenders and borrowers shall be made via a general account opened in the name of the Bank.

- Automatic lending, borrowing and pledging transactions shall be generated by NBB-SSS in the simulation phase of the final settlement batch. They shall be recorded (via notifications 43 and 44) as follows in the accounts at the time of the settlement phase of the final settlement batch. The NBB-SSS:
 - shall credit the 96 or 97 accounts of lender participants in order to record their claims for the return of securities lent, and
 - shall debit the 98 accounts of borrower participants in order to record their liability to return the securities borrowed.

- Loan return transactions and the release of automatic pledges shall be recorded on the next Target day (via notifications 46 and 47) in the accounts in a batch A, B or D under the conditions laid down for the operation of such batches, or failing that in the settlement phase of the final settlement batch. The NBB-SSS:
 - shall debit the 96 or 97 accounts of lender participants in order to record the extinction of their claim for the return of the securities lent, and
 - credit the 98 account of borrower participants in order to record the extinction of their liability relating to return of the securities lent.

6.4.7.5 Settlement phase

Each cash and securities debit and credit relating to each transaction included for settlement in the last simulation performed in accordance with article 6.4.7.3, including transactions generated in connection with automatic lending, is carried out individually and against payment (in accordance with DVP model no 1), and recorded definitively on the current accounts and custody accounts mentioned in article 6.3.

NBB-SSS simultaneously settles all transactions, which were not set aside in the simulation batch of the final settlement cycle, against payment.

NBB-SSS is not authorized to debit the current account of one of its participants with an amount that would create a debit balance on that account.

6.4.8 Batch M

6.4.8.1 Chronological order of the batch

The Bank may, in the interest of executing ESCB monetary policy and credit operations, initiate one or more batches M between the final settlement batch and 17.30 hrs. On monetary reserve formation days, such batches are possible until 18.00 hrs.

6.4.8.2 Transactions accepted

Only free transfers entailing the debiting or crediting of securities accounts opened in the name of central banks (participants 9100 and 9200 to 9299) are admitted to the type batch M.

6.4.8.3 Transactions processing sequence

Transactions eligible for the batch shall be presented for settlement one by one. Transactions shall be settled in chronological order of notification matching. If, at the time of presentation of the transaction, the participant whose securities account is to be debited, has sufficient funds within the meaning of article 6.4.8.4, the debits and credits of securities involved in this transaction shall be effected finally, individually and simultaneously on the securities accounts referred to in article 6.3. If a transaction cannot be settled on presentation owing to a shortage of funds within the meaning of article 6.4.8.4, the transaction shall not be re-presented in the same batch.

6.4.8.4 Required securities positions

A transaction presented for settlement shall not be settled during that batch if, following the debit resulting from that transaction:

- the securities account to be debited would present a debit balance; or
- the total of the computed collateral value of the own accounts and trading accounts would be less than the amount of the reservations effected in accordance with article 3.3.

There may be no recourse to automatic securities lending during this batch.

6.4.9 Batch L

6.4.9.1 Chronological order of the batch

The Bank may, in the interests of executing ESCB monetary policy and credit operations, initiate one or more type L batches between 8.00 and 11.00 hrs.

6.4.9.2 Transactions accepted

All transactions, with or without payment, entailing the debiting or crediting of securities accounts opened in the name of central banks (participants 9100 and 9200 to 9299) are admitted to the type L batch, regardless of the type of account activated by the counterparty («client» or «own account»).

6.4.9.3 Transaction processing sequence operations

The rules of article 6.4.3.3 on the transaction processing sequence in a type A batch also apply to the type L batch.

6.4.9.4 Required cash and securities provision

The rules in article 6.4.3.4 on the cash and securities provisions required in batch A also apply to batch L.

There can be no recourse to automatic lending during this batch.

6.5 Transactions carried forward

Without prejudice to the application of the penalty clause referred to in article 7.1, transactions bearing code 21 (other than those entailing a debit or credit for a participant no 9100 and 9200 to 9299), 10, 15, 22, 78 and 79 which it has not been possible to settle during the final batch owing to a shortage of securities or cash shall be automatically carried forward by the NBB-SSS with the new value date being the next Target day.

The following shall not be carried forward but shall be automatically and finally eliminated from the system at the end of each Target day:

- transactions which are not carried forward pursuant to paragraph 1;
- transactions which were carried forward and have still not been settled at the end of the 5th Target day following the original value date;
- transactions settled on the Target day preceding an interest or capital reimbursement on the security in question (same ISIN code);
- transactions presented for settlement in a batch M which cannot be settled in that batch.

The special conditions on the cancellation of transactions carried forward are set out in article 4.5.2.3.

This article 6.5 shall be without prejudice to the provisions of articles 10.5 and 10.6.

6.6 Optimisation programme

After each gross batch has been effected as described in articles 6.4.3, 6.4.4 and 6.4.6, the Bank may run a settlement optimisation programme.

This optimisation phase carries out the settlement of transactions by chaining. Chained transactions are understood as transactions made according to the following schemes:

$$A \rightarrow B \rightarrow C \text{ (A transfers to B, B transfers to C)}$$

$$A \rightarrow B \rightarrow A \text{ (A transfers to B, B transfers to A).}$$

The two transactions have to be based on an identical nominal amount, but the cash amounts can be different.

The two transactions shall be settled finally and simultaneously if the following conditions are met:

- the initial assignor has sufficient funds in securities within the meaning of article 6.4.3.4;
- the final beneficiary has sufficient funds in cash within the meaning of article 6.4.3.4 and if both the preceding conditions are met;
- the central party, after clearing of these transactions, has sufficient funds in cash within the meaning of article 6.4.3.4.

7. Penalty clause

7.1 Penalties for shortages

7.1.1 Penalties for shortage of securities

In the event of a shortage of securities, at the end of the final settlement batch on the day of the value date the participant shall automatically and without notice owe the Bank compensation of 350 euro per default in securities, as a penalty to cover administrative expenses incurred by the settlement system as a result of the shortage of funds.

However, the participant shall not be liable for any penalty if the shortage of funds in his account is attributable to a shortage of funds for which another participant has been penalised in accordance with the first paragraph.

In the case of a repeat offence, a participant may be excluded from the system, without prejudice to the application of article 10 below.

7.1.2 Penalties for shortage of cash (DLNS)

In the event of a shortage of cash, at the end of the final settlement batch on the day of the value date, the participant shall automatically and without notice owe the Bank compensation of 350 euro, as a penalty to cover administrative expenses incurred as a result of the shortage of cash.

In the case of a repeat offence, a participant may be excluded from the system, without prejudice to the application of article 10 below.

7.2 Other penalties

7.2.1 Penalties for late notification

If NBB-SSS accepts a notification for a same-day value securities transaction communicated after the deadline of 16.00 hrs referred to in article 4.2, the participant who issued it shall owe NBB-SSS compensation of 250 euro as a penalty to cover the administrative expenses incurred as a result of late communication.

Compensation of 250 euro per notification shall also be payable by any participant who does not fulfill the obligation incumbent upon him under articles 3.1.1.1.1 and 3.1.1.3.2.

Compensation of 250 euro shall also be payable to the Bank for each notification by the participant who acts as a paying agent within the framework of a «service agreement», if this notification concerns the characteristics of an issue, and impacts on the data in the NBB-SSS database, insofar as this notification occurs after the contractual or regulatory deadline for the supply of the relevant data to the Bank.

7.2.2 Compensation for rectification

Compensation of 250 euro shall be due when, at the participant's request, a rectification occurs of data which the latter has communicated and which have already been entered into the database, irrespective of whether the notification occurs before or after the contractual or regulatory deadline.

7.3 Payment of penalties

7.3.1 For a shortage of cash

The Bank shall collect the compensation referred to in article 7.1.2 by immediately debiting the amount due from the participant's current account.

7.3.2 Other penalties

The Bank shall send the participant an ordinary letter stating the amount of the penalties referred to in articles 7.1.1 and 7.2. On the day indicated in the statement, that participant's current account shall be debited with the amount payable to the Bank.

8. Charges

Without prejudice to the charges made for the use of current accounts in accordance with the regulations governing the operation of those accounts, the following charges (excluding VAT) shall apply to the use of NBB-SSS.

8.1 Fixed fee

For each participant number a monthly fixed fee of 250 euro shall be charged.

This also includes the subscription to the Wirow fin'Markets application, «Securities» module, as described in article 8.5.

8.2 Notification fee

Every notification shall attract a flat-rate charge payable to the Bank. This flat charge shall be:

€ 0.24	for transaction code 12 notifications
€ 0.95	for transaction code 10, 15, 21, 22, 30, 31, 32, 70, 72, 74, 75, 76, 78, 79 and 90 notifications
€ 5.00	for transaction code 51, 57, 58 and 59 notifications, and for unmatched notifications cancelled by NBB-SSS (see article 4.5.2.1)

All other notifications are free of charge.

8.3 Payment for messages

Participants may opt to receive certain payable SWIFT messages.

The charges are:

€ 0,35	MT536
€ 0,79	MT564
€ 0,39	MT566
€ 0.26	MT578

Other SWIFT messages forwarded by the Bank and e-mails are free of charge:

8.4 Payment for automatic lending

The payment due from the borrower shall be equal to 2% per annum (i.e. 1.50% in favour of the lender and 0.50% in favour of the Bank). The payment shall be calculated pro rata temporis on the amount recorded in the account of the securities lent on the basis of a 365-day year. This fee is exempt from VAT.

8.5 Charge for the Wirow consultation module

Charges for the use of Wirow fin'Markets shall be invoiced by the Bank's Cashless Payments service.

The charges are published on the website www.paymentsystems.be. They include a fixed annual charge per participant number. In regard to the «Securities» module, this charge is part of the fixed monthly fee referred to in article 8.1 and is therefore not stated separately in the Wirow invoices.

8.6 Custody fee

For each participant number, a monthly custody fee shall be payable to the Bank in accordance with the following cumulative scale applied to the basis of calculation described below:

tranches			tariff
0 euro	≤ x <	1 billion euro	0,00096% per annum
1 billion euro	≤ x <	5 billion euro	0,00096% per annum
5 billion euro	≤ x <	10 billion euro	0,00082% per annum
10 billion euro	≤ x <	50 billion euro	0,00078% per annum
50 billion euro	≤ x <	150 billion euro	0,00072% per annum
150 billion euro	≤ x		0,00066% per annum

At the end of each Target day in the calendar month, the adjusted nominal amounts for accounts under a participant's number shall be aggregated and then divided by the number of Target days in that month. The custody fee rates per tranche shall then be applied to the average amount thus calculated. The amount to be invoiced for the month concerned shall be obtained by taking the sum of all the amounts thus calculated and dividing it by 12.

No custody fee shall be payable for accounts 96, 97 and 98.

For the purpose of the preceding paragraph, «adjusted nominal amount» means:

- in the case of split OLOs, the nominal amount multiplied by the last known price on the Target day concerned;
- in the case of securitised securities, the nominal amount multiplied by the bond factor¹ on the Target day concerned;
- for all other securities, the nominal amount.

The equivalent in euro of the original or adjusted nominal amount as described in the preceding paragraph, expressed in the monetary units of the Member States which adopted the euro, shall be calculated by applying the conversion rules specified by Council Regulation (EC) no 1103/97 of 17 June 1997 on certain provisions relating to the introduction of the euro. The equivalent in euros of nominal amounts expressed in monetary units other than the euro shall be calculated on the basis of the indicative price published in accordance with article 212 of the law of 4 December 1990 for the unit concerned on the Target day concerned.

8.7 Issuance fee

The charges applicable for the calculation of the amounts payable within the framework of a «service agreement» are laid down in **annex 19.1**, unless otherwise specified in the agreement.

8.8 Various fees

The Bank will charge a fee in the following cases:

€ 15	for the retransmission at the participant's request of a message, document or invoice already previously transmitted by NBB-SSS via SWIFT or by fax, e-mail or letter to the participant for each request by telephone or in writing for information which could also have been obtained via Wirow
€ 50 (per hour)	for customised searches, statements or statistics executed at the participant's request. The charge shall apply per hour's work entailed in preparing the answer or document, subject to a minimum of 50 euro

¹ The bond factor represents the proportion of the nominal capital of a security still to be repaid at a given moment.

8.9 Collection of the sums due

The sums due per month pursuant to articles 8.1, 8.2, 8.3, 8.4, 8.6, 8.7 and 8.8 shall, in principle, be charged during the following month to the participant's current account.

For practical reasons, successive invoicing periods may be amalgamated and the sums collected jointly at a later date.

The sums due pursuant to article 8.5 shall be charged to the participants' current account during the month following the calendar quarter for which they are payable.

Participants shall be notified in writing of such collection 5 Target days in advance.

8.10 Changes to tariffs

The amount of the charges may be adjusted provided that all participants are notified no later than three months before the effective date.

9. The Bank's obligations and responsibility

1. The Bank, as the manager of NBB-SSS, will only assume those obligations specifically imposed upon it by these regulations (including the annexes).

Without prejudice to this general rule, the Bank shall not assume any obligation and will not issue any guarantee, recommendation or advice on the following points, among others:

- the financial capacity and status of the issuers or guarantors of the securities admitted to NBB-SSS or the validity of their undertakings represented by these securities;
 - the financial capacity and status of the participants in NBB-SSS;
 - the possibility that the transfer effected by a participant is, despite being registered and booked in accordance with the rules of these regulations (including the annexes), subsequently declared invalid or not enforceable;
 - the possibility that the security created by the transfer of securities to a pledge account in NBB-SSS, despite being registered and booked according to the rules of these regulations (including the annexes), may subsequently be declared invalid and not enforceable or that any obstacle (temporary or permanent), in whatever form, may obstruct its realisation or appropriation by the creditor;
 - the reliability, quality (particularly in terms of security and confidentiality) and availability of the services offered by the managers of the means of communication referred to in article 5.
2. The Bank shall take all measures which are reasonable and necessary to carry out those obligations which are incumbent upon it as provided for in article 9.1. It shall, among others, take those measures which are reasonable and necessary to protect its computer system or to avoid this being disabled and will endeavour to correct as quickly as possible any breakdown or major malfunction, among others by recourse to suitable back-up and business contingency procedures. These measures being taken, the Bank shall not accept any responsibility should a failure or problem arise, even temporarily, in the functioning of the computers, the internal telecommunication devices or the software and applications which it uses for processing transactions by participants or the provision of data. Nor will it accept responsibility in the case of the destruction or the deletion of data contained therein or the incorrect or fraudulent use of such data by a third party.

3. The Bank shall not accept any liability, be it contractual or non-contractual, for any loss which participants might incur owing to the effects on the functioning of NBB-SSS of events constituting force majeure such as, among others, war, general or other strikes (including strikes by its own staff), lock-out, mobilisation, rioting, social unrest, epidemics, shortages of power, fuel, raw materials or other commodities, requisition, fire, explosions, flooding, evacuation of the premises stipulated by an administrative authority, general unavailability of the staff allocated to the management of NBB-SSS due to illness, absence of transport facilities, the unavailability of TARGET2, the unavailability or failure of a means of communication referred to in article 5, high-handed government action or action by the public authorities, or any other cause beyond the Bank's control.
4. The Bank, as the manager of NBB-SSS, shall only be liable, whether contractually or non-contractually, for direct loss consequential to its own negligence or that of its employees and the persons made responsible by the Bank for the execution of tasks. Furthermore, it shall not accept liability for commercial loss, loss of business, loss of profit and unforeseeable damages.
5. The Bank shall not assume any responsibility, be it contractual or non-contractual, for loss consequential to non-compliance on the part of a participant with the rules and procedures provided for in these regulations (including the annexes).
6. The Bank is expressly exempted from any obligation to act upon a participant's instruction and shall not assume any responsibility for this, to the extent that carrying out this instruction would be contrary to an applicable legislative or regulatory provision or act from a competent public authority.
7. Each participant authorises the Bank, in so far as it is concerned, to act according to these regulations on the basis of communications which the Bank receives via the means of communication referred to in article 5.1 and of which the Bank may reasonably believe (account being taken of the characteristics of the means of communication used) that they originate from that participant or from a person entitled to represent it.
8. The Bank is only committed to act upon communications originating from participants when the communications in question are made in the form and within the deadlines prescribed by these regulations (including the annexes), and by persons carrying the required powers. Unless the communication to the Bank of modifications made to the delegation of the aforementioned powers is made in due course, by letter duly signed or by secure e-mail as described in article 5, carrying examples of the signature of the new representatives, the participants remain liable with regard to the Bank for actions performed by the designated representatives. The participants exempt the Bank in any case from verifying the aforementioned powers and accept that they will bear all consequences for any contravention, abuse or fraudulent usage, which might be made of these.
9. The Bank reserves the right to rectify any erroneous credit or debit operation on a securities account, as referred to in article 2.3, or on a current account, as referred to in article 6.3.1.
10. Where possible, the Bank will endeavour to warn the participant by telephone during the day if it anticipates that the settlement of one or more large transactions by the aforesaid participant risks creating problems on this day. However, in consideration of the fact that participants must themselves supervise the correct settlement of their transactions, the Bank does not assume any responsibility for those cases where it has not warned the participant of such circumstances, or has not done so in time.
11. Communications made by telephone between employees of the Bank and participants do not in any way constitute obligations or the waiving of rights on the part of the Bank, and in no way creates a responsibility on its part.

10. Cancellation of membership of NBB-SSS

1. Any participant in NBB-SSS may at any time, unilaterally terminate its participation by sending a registered letter or by secure e-mail as described in article 5, or by letter with advice of receipt. The Bank may likewise unilaterally terminate at any time the membership of an NBB-SSS participant by sending a registered letter, secure e-mail or letter with advice of receipt.
2. The cancellation referred to in article 10.1 will take effect from the close of the 15th Target day following receipt of the aforementioned registered letter or secure e-mail, except if the author of the cancellation has indicated a longer notice period therein.
3. In the case of cancellation of the participant's membership pursuant to article 10.1, the Bank shall advise the other participants accordingly by any method of publication, without specifying which party initiated the cancellation.
4. Cancellation of membership of NBB-SSS in accordance with the article 10.1 may not, under any circumstances, take effect until the date on which all transactions of the participant concerned, notified before the cancellation of membership of NBB-SSS took effect, have been either finally settled or eliminated from the system in accordance with article 6.
5. A participant's membership of NBB-SSS will be cancelled automatically, without any notification whatsoever and with immediate effect, if any of the following events occurs in respect of him:
 - bankruptcy;
 - withdrawal of approval as a credit institution or investment enterprise.
6. The Bank shall be entitled to terminate unilaterally and with immediate effect the participant's membership of NBB-SSS should one of the following events occur in respect of the participant:
 - any failure, temporary or otherwise, by a participant to meet one of the obligations set out in these Regulations (including the annexes);
 - any application declaring bankruptcy or application for amicable or judicial settlement, application for suspension of payment, any judgement granting or cancelling a provisional or definitive suspension, or total liquidation;
 - any seizure (for security or execution), or legal proceedings taken against him;
 - any changes in a participant's economic or financial situation which may, in particular, render the participant insolvent or cause cessation of his payments; or
 - in general, any event which may impair the Bank's confidence in the participant or in the value of the guarantees covering his commitments.

The participant shall be notified of the cancellation referred to in article 10.6 by secure e-mail as described in article 5. It shall take effect from the moment that the secure e-mail is sent. The cancellation notification shall also be sent to the participant by registered letter or by a letter with advice of receipt.

7. Cancellation of a participant's membership of NBB-SSS pursuant to articles 10.5 and 10.6 shall result in the cancellation of all settlement instructions in which the participant is involved which have not yet been settled either at the moment when the Bank is informed of an event referred to in article 10.5, or at the moment when the cancellation referred to in article 10.6 takes effect, respectively. Exceptionally, this cancellation shall not prevent:
 - the settlement of transactions for the reimbursement of securities loaned by this participant inside the framework of automatic securities lending;
 - the joint settlement of reimbursement transactions of borrowed securities by this participant and the release of securities pledged by him inside the framework of automatic securities lending.
8. If a participant in NBB-SSS does not satisfy the tests referred to in article 2.2.1, last paragraph, the Bank may, until the successful outcome of new tests, block the use of securities accounts referred to in article 2.3 which have been opened in the participant's name. The blocking of these accounts implies that the Bank shall refuse any new transaction debiting or crediting these accounts and shall cancel all transactions, which still have to be settled during the period of blockage, discounting certain exceptions, which the Bank will determine at its own discretion.
9. The exercise or non-exercise of these rights referred to in articles 10.1, 10.6 and 10.8 cannot render the Bank liable in any way in regard to the participant concerned or any other participant.
10. The Bank shall return the securities recorded in the account of the institution which is no longer a member of NBB-SSS by transferring them to the participant's account as indicated to the Bank by this institution as quickly as possible.
11. This article 10 and, notably the obligation to return securities as recorded in article 10.10., shall be without prejudice to:
 - the possible application of article 11;
 - the rights of possible creditors, including the Bank, following from a pledge or a legal privilege referred to in article 3.2.9.2.3.3 concerning securities recorded in the accounts of the institution which is no longer a member of NBB-SSS.
12. Without prejudice to the previous paragraphs contained in article 10, if the current account used by a participant for cash debits and credits arising from its transactions in NBB-SSS is blocked or closed, the settlement of this participant's transactions involving a cash debit or credit shall be suspended until another current account has been assigned for this purpose in accordance with the rules in article 6.3.1.

11. Guarantees in favour of the Bank

All assets, sums and securities held by NBB-SSS for the account of the participant shall serve to guarantee fulfillment of the participant's commitments towards the Bank in connection with the operation of NBB-SSS.

In the event of failure to fulfill these commitments, or delay in their fulfillment, the Bank may retain the said assets, sums or securities and realise them in the manner prescribed by law in order to allocate the proceeds to the settlement of those commitments in terms of principal, interest, costs and ancillary expenses.

12. Amendment of the regulations

Except in the special case stipulated in article 8.10, the Bank reserves the right to amend the provisions of the Regulations at any time, by giving notice of eight bank working days in Brussels, unless urgency is duly established. Such amendments shall be brought to the attention of the participants by ordinary letter. Any substantial amendment to the Regulations shall form the subject of prior consultation with representatives of the participants.

The regulations are published in full on the website www.nbbsss.be.

A printed copy may be obtained simply on request.

13. NBB-SSS working days (Target days)

In principle, NBB-SSS shall operate on «Target days», i.e. daily throughout the year except on Saturdays, Sundays and the other days on which the TARGET2¹ system is closed.

If, by way of exception, the Bank decides to close NBB-SSS on any date additional to those stated above, it shall inform the participants by circular sent out as far in advance as possible.

Notifications indicating a value date which is not a Target day shall be:

1. rejected from the moment they are registered, if the closure of NBB-SSS on that value date is known at the moment of registration, or
2. cancelled automatically if the closure of NBB-SSS on that value date was not already known at the moment of registration.

This article shall not affect article 9 of these regulations.

¹ The days on which the TARGET system is closed are stated on www.ecb.int.

14. Law applicable - competence

1. All transactions governed by the Regulations and the provisions thereof shall be governed by Belgian law.
2. Any dispute relating to the interpretation or execution of the Regulations or the transactions, which they govern, shall be within the exclusive competence of the Brussels courts.

List of abbreviations

CBFA	Banking, Finance and Insurance Commission
DLNS	Dedicated Liquidity for NBB-SSS in connection with TARGET2
DVP	Delivery versus Payment
DVP model 1	Both the securities leg and the cash leg of the transactions are settled transaction by transaction, with final transfer of the securities from the seller to the buyer (delivery) taking place at the same time as the final transfer of the money from the buyer to the seller (payment)
EMTN	Euro Medium Term Notes
ESCB	European System of Central Banks
EXSECO	Exchange of Securities and Coupons
FOP	Free of Payment (transfer of securities without a corresponding cash payment)
OECD	Organisation for Economic Cooperation and Development
OLO	Linear bond
RTGS	Real-Time Gross Settlement System
TARGET2	Trans-European Automated Real-Time Gross settlement Express Transfer system
WIROW	or Wirow fin'Markets: an internet application giving access to various Financial Markets department applications: <ul style="list-style-type: none">– Current Accounts (current account/TARGET2)– Credit & Collateral (Back Office – collateral management)– Securities (NBB-SSS)– DB Demat (Belgian dematerialised securities)

Further information

Anyone requiring further information on the content of this document can contact the Securities Settlement division of the National Bank of Belgium

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