



# Securities Settlement System

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April 2010

# NBB-SSS SETTLEMENT BANKS TESTING GUIDE FOR TARGET2 DIRECT PARTICIPANT

## 1. INTRODUCTION

The Ancillary System NBB-SSS (National Bank of Belgium - Securities Settlement System) will be connected to Target2 from December 8th, 2008 as a securities settlement system settling according to the integrated settlement model. In this model the both cash leg and securities leg of the DVP transactions are settled in the books of the SSS. Liquidity to these cash accounts is shifted through the Ancillary System Interface (ASI).

As today, the payment system of the NBB (RECOUR) will be used by the NBB-SSS for the settlement of the cash leg of the DVP transactions. This solution minimizes the impact of the connection to Target2 for the NBB-SSS settlement banks (SB)<sup>1</sup>.

But, contrary to the current situation, no longer the full payment capacity of the settlements banks' current account will be available for the settlement of NBB-SSS transactions. SB will have to dedicate specific liquidity for this kind of operations, called **Dedicated Liquidity for NBB-SSS (DLNS)**. During the NBB-SSS business day SB are responsible for the management of their DLNS (creation, increase or decrease) by sending Swift messages MT202. At the end of the NBB-SSS business day the remaining DLNS is automatically retransferred to your RTGS account on the SSP (Single share Platform).

Your institution should read this testing guide because

- your institution is a NBB-SSS participant;
- your institution settles the cash leg of DVP transactions on its own NBB current account, so it acts as NBB-SSS settlement bank;
- your institution is a Target2 direct participant

This paper includes following chapters :

- preliminary conditions
- certification
- test cases and Swift formats
- test day scenario
- test calendar
- NBB contacts
- appendix

## 2. PRELIMINARY CONDITIONS

Prior to the performing of these tests your institution has to fill in and send back to NBB-SSS the form 2002 "Debit Mandate for Ancillary System Settlement". Indeed, it is a precondition your institution is registered in the SSP's Static Data as settlement bank authorized by the ancillary system NBB-SSS.

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<sup>1</sup> NBB-SSS settlement bank = NBB-SSS participant settling on its own NBB current account

For the smoothness of the testing activities your institution has also to fill in and send back to NBB-SSS by fax or email the form C02 (appendix 1) concerning the contact info of the person(s) in charge of the tests in your institution.

### **3. TESTING CERTIFICATION**

Every NBB-SSS SB must obtain its testing certification. This certification process aims at the continuation of the current high performance of the NBB-SSS by guaranteeing the smooth connection of NBB-SSS to the Single Shared Platform (SSP) of TARGET2. The certification will be granted to the NBB-SSS SB having successfully performed at least once every test case of the category 'Active Role' (see chapter 4).

The NBB-SSS sends the certification by email to the project manager of your institution.

### **4. TESTCASES AND SWIFT FORMATS**

A Swift message MT202 initiates a transfer of liquidity crediting or debiting DLNS. Only this action is performed by the SB. This first action is followed by a few automatic exchanges of instructions involving the SSP and the NBB-SSS..

The steps for a liquidity transfer **crediting DLNS in the books of the NBB-SSS** are :

- MT202 sent by the **NBB-SSS settlement bank** to the SSP
- XML ATransferNotice sent by the SSP through ASI to the NBB-SSS
- MT910<sup>2</sup> sent by the NBB-SSS to the **NBB-SSS settlement bank**

The steps for a liquidity transfer **debiting DLNS in the books of the NBB-SSS** are :

- MT202 sent by the **NBB-SSS settlement bank** to the NBB-SSS
- MT900 sent by the NBB-SSS to the **NBB-SSS settlement bank**
- XML ATransferInitiation sent by the NBB-SSS through ASI to the SSP
- MT202 sent by the SSP to the **NBB-SSS settlement bank**

The steps for the end-of-day liquidity transfer squaring DLNS in the books of the NBB-SSS are fully automatic and no active intervention of the SB is needed. These steps are:

- MT900 sent by the NBB-SSS to the **NBB-SSS settlement bank**
- XML ATransferInitiation sent by the NBB-SSS through ASI to the SSP
- optional<sup>3</sup> : MT910 sent by the SSP to the **NBB-SSS settlement bank**

The role of the NBB-SSS settlement bank - active or passive - is indicated by the identification of the test cases with the suffix AR (active role) or PR (passive role). The test cases -PR can be useful for the NBB-SSS settlement banks that like to test their internal processes of reconciliation. These tests are not part of the certification process.

Description of the test cases :

LQ101-AR	Liquidity transfer debiting RTGS account and crediting DLNS	MT202	- sender : BIC addressee of the SB from the Target2 directory - receiver : TRGTXEP0ASI
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<sup>2</sup> The NBB-SSS settlement bank receives always notifications MT900/MT910 from the NBB-SSS.

<sup>3</sup> The NBB-SSS settlement bank chooses to receive or not the notifications MT900/MT910 from the SSP on basis of a general flag in the Static Data Module of the SSP.

			<ul style="list-style-type: none"> <li>- tag 103 : TGT</li> <li>- tag 113 : HNNN or HYNN</li> <li>- 20 : your reference</li> <li>- 21 : your reference</li> <li>- 52A : BIC NBB-SSS settlement bank</li> <li>- 57A : NBBEBEB0MAC</li> <li>- 58A : BIC NBB-SSS settlement bank</li> </ul>
LQ102-AR	Liquidity transfer debiting RTGS account and crediting DLNS	ICM	menu RTGS, Ancillary systems, Liquidity, Liquidity Transfer Mirror Account
LQ103-AR	Liquidity transfer debiting RTGS account and crediting DLNS in contingency mode	<b>- depending on domestic procedures</b> <b>- for NCB BE : fax</b>	see form T01 (appendix 2)
LQ201-AR	Liquidity transfer debiting DLNS and crediting RTGS account	MT202	<ul style="list-style-type: none"> <li>- sender : BIC NBB-SSS settlement bank</li> <li>- receiver : NBBEBEB0216</li> <li>- tag 103 and tag 113 : empty</li> <li>- 20 : your reference</li> <li>- 21 : your reference</li> <li>- 52A : BIC NBB-SSS settlement bank or empty</li> <li>- 57A : NBBEBEB0MAC</li> <li>- 58A : BIC NBB-SSS settlement bank</li> </ul>
LQ202-AR	Liquidity transfer debiting DLNS and crediting RTGS account in contingency mode	fax	see form T02 (appendix 3)
NT203-PR	Notification of credit RTGS following LQ201-AR	MT202	<ul style="list-style-type: none"> <li>- sender : TRGTXEPOASI</li> <li>- receiver : BIC addressee of the SB from the Target2 directory</li> <li>- tag 103 and tag 113 : empty</li> <li>- 20 : "AS....." (SSP reference)</li> <li>- 21 : field 20 of the initial MT202 (or fax form T02 in contingency mode)</li> <li>- 52A : BIC NBB-SSS settlement bank or empty</li> <li>- 58A : BIC NBB-SSS settlement bank</li> <li>- 72 : /INS/NBBEBEB0MAC</li> </ul>
NT300-PR	Notification of debiting RTGS account	MT900	<ul style="list-style-type: none"> <li>- sender : TRGTXEPOASI</li> <li>- receiver : BIC addressee of the SB from the Target2 directory</li> <li>- 20 : "AS....." (SSP reference)</li> <li>- 21 : SSP Business Case ID</li> <li>- 25 : RTGS account</li> <li>- 52A : BIC NBB-SSS settlement bank</li> <li>- 72 : /ASDEBT/+BIC11+ of the NBB-SSS settlement bank</li> </ul>
NT301-PR	Notification of credit DLNS	MT910	<ul style="list-style-type: none"> <li>- sender : NBBEBEB0216</li> <li>- receiver : BIC NBB-SSS settlement bank</li> <li>- 20 : NBB reference</li> <li>- 21 : field 21 of the initial MT202 (or SSP Business Case ID when following LQ102-AR)</li> </ul>

			<ul style="list-style-type: none"> <li>- 25 : Current Account</li> <li>- 52A : NBBEBEB0216</li> <li>- 72 : /REC/NLIC</li> </ul>
NT302-PR	Notification of debit DLNS	MT900	<ul style="list-style-type: none"> <li>- sender : NBBEBEB0216</li> <li>- receiver : BIC as NBB-SSS settlement bank</li> <li>- 20 : NBB reference</li> <li>- 21 : field 21 of the initial MT202 (or fax form T02 in contingency mode)</li> <li>- 25 : RTGS account</li> <li>- 52A : NBBEBEB0216</li> <li>72 : /REC/NLIC</li> </ul>
NT303-PR	Notification of credit RTGS account after EOD NBB-SSS	MT910	<ul style="list-style-type: none"> <li>- sender : TRGTXEPOASI</li> <li>- receiver : BIC addressee of the SB from the Target2 directory</li> <li>- 20 : "AS....." (ref created by SSP)</li> <li>- 21 : BIC 11 of NBB-SSS settlement bank followed by "+EOD"</li> <li>- 25 : RTGS account</li> <li>- 52A : NBBEBEB0216</li> <li>- 72 : /ASCRED/+BIC11+ of NBB-SSS settlement bank</li> </ul>
NT304-PR	Notification of debiting DLNS after the end-of-day NBB-SSS	MT900	<ul style="list-style-type: none"> <li>- sender : NBBEBEB0216</li> <li>- receiver : BIC addressee of the SB</li> <li>- 20 : NBB reference</li> <li>- 21 : BIC11 of NBB-SSS SB followed by "+EOD"</li> <li>- 25 : Current Account</li> <li>- 52A : NBBEBEB0216</li> <li>- 72 : /REC/NLIC</li> </ul>
NT204-PR	Reversal (not tested)	MT202	<ul style="list-style-type: none"> <li>- sender : NBBEBEB0MAC</li> <li>- receiver : BIC addressee of the SB from the Target2 directory (sender of the initial MT202)</li> <li>- 20 : field 21 of the initial MT202</li> <li>- 21 : BIC 11 of the NBB-SSS settlement bank followed by "+REV"</li> <li>- 58A : BIC 11 from field 58A of the initial MT202</li> </ul>
NT205-PR	Statement	MT950	<ul style="list-style-type: none"> <li>- sender : NBBEBEB0203</li> <li>- receiver : BIC as NBB-SSS settlement bank</li> <li>line 61 :</li> <li>- date, date, C or D, amount, NLIC, your ref (field 21) or ref EOD, NBB-SSS ref, LIQUIDITY TRANSFER</li> </ul>

There is no specific need for testing the DVP processing of operations because the connection to Target2 has no impact on this process. Nevertheless, during the mandatory testing days the NBB-SSS is able to simulate some DVP transactions to allow the NBB-SSS SB to follow via WIROW Fin' Markets the increase and decrease of the DLNS through the sell and the purchase of securities. It is up to the NBB-SSS SB to initiate DVP transactions. If a SB is the case, the NBB-SSS settlement bank must obtain the agreement of the NBB-SSS settlement bank counterparty of the DVP

transaction. The counterparty must send the adequate Swift message to ensure that the matching of the DVP transaction is positively done.

## **5. TESTDAY SCENARIO**

Two testing scenario's can be distinguished. A scenario for testing activities in 'normal' mode and a scenario for testing in 'contingency' mode. The contingency procedure concerns only the NBB-SSS SB not being able to send a Swift message for crediting or debiting its DLNS.

Scenario for testing activities in 'normal' mode :

<b>timing</b>	<b>action</b>	<b>test case</b>
9h00	opening of NBB-SSS	
9h00 - 10h00	liquidity transfer from PM to NBB-SSS via MT202	LQ101-AR NT301-PR
10h00 - 11h00	liquidity transfer from PM to NBB-SSS via ICM	LQ102-AR NT300-PR NT301-PR
11h00 - 12h00	DVP operations	
12h00 - 13h00	liquidity transfer from NBB-SSS to PM via MT202	LQ201-AR NT302-PR NT203-PR
13h00	closing of NBB-SSS	
13h15	transfer of DLNS balances	NT304-PR NT303-PR
13h30	end of the test day	
during the night	sending of statement	NT205-PR

Scenario for testing activities in 'contingency' mode :

<b>timing</b>	<b>action</b>	<b>test case</b>
9h00	opening of NBB-SSS	
9h00 - 11h00	liquidity transfer from PM to NBB-SSS via contingency (form T01)	LQ103-AR NT300-PR NT301-PR
11h00 - 12h00	DVP operations	
12h00 - 13h00	liquidity transfer from NBB-SSS to PM via contingency (form T02)	LQ202-AR NT302-PR NT203-PR
13h00	closing NBB-SSS	
13h15	transfer of DLNS balances	NT304-PR NT303-PR
13h30	end of the test day	
during the night	sending of the statement	NT205-PR

## **6. TEST CALENDAR**

The testing days have to be determined in accordance with NBB-SSS and TARGET2-BE. All the test cases (normal and contingency modes) might be realized the same day.

## **7. NBB-SSS CONTACTS**

The NBB-SSS has two points of contact for test purposes :

- the first one for your questions about the liquidity transfers (MT202, MT900, MT910) and
- the second one for your questions related to the security leg of the DVP transactions (MT5xx).

	phone	fax	email
<b>Liquidity transfers</b>			
Helpdesk Target2	+32 2 221 20 45	+32 2 221 50 00	target2.helpdesk@nbb.be
<b>DVP transactions</b>			
Erwin Van Biesen	+32 2 221 24 26	+32 2 221 31 20	erwin.vanbiesen@nbb.be

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**APENDIX 1 : FORM C02****CONTACT INFO AND TEST ACTIVITIES PLANNED BY YOUR INSTITUTION**

Your institution's name : .....

and BIC : .....

Contact info :

	name	phone	fax	email
<b>Liquidity transfers</b>				
	.....	.....	.....	.....
<b>DVP transactions</b>				
	.....	.....	.....	.....

Please, fax this form completed to +32 2 221 31 20 or email to [sss@nbb.be](mailto:sss@nbb.be)

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**APPENDIX 2 : FORM T01**

TEMPLATE FOR FAX PROCEDURE  
 LIQUIDITY TRANSFER DEBITING RTGS ACCOUNT AND CREDITING DLNS  
 TO BE SENT TO NATIONALE BANK OF BELGIUM  
 (FOR NBB-SSS SB DEPENDING ON NBBEBEBB)  
 FAX NUMBER : +32 2 221 50 00

Sender your BIC 11	
Receiver BIC 11	TRGTXEP0ASI
tag 103	TGT
tag 113	HNNN
field 20	
field 21	
field 32A date	(yymmdd)
field 32A currency and amount	EUR
field 52A BIC 11 of ordering institution	
field 57A	NBBEBEB0MAC
field 58A BIC 11 of the NBB-SSS SB	
field 72 (optional)	

Name and Signature

Name and Signature

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**APPENDIX 3 : FORM T02**

TEMPLATE FOR FAX PROCEDURE  
 LIQUIDITY TRANSFER DEBITING DLNS AND CREDITING RTGS ACCOUNT  
 TO BE SENT TO NATIONALE BANK OF BELGIUM  
 FAX NUMBER : +32 2 221 50 00

Sender BIC 11 of the NBB-SSS SB	
Receiver BIC 11	NBBEBEB0216
tag 103	---
tag 113	---
field 20	
field 21	
field 32A date	(yymmdd)
field 32A currency and amount	EUR
field 52A BIC 11 of ordering institution	
field 57A	NBBEBEB0MAC
field 58A BIC 11 of the NBB-SSS SB	
field 72 (optional)	

Name and Signature

Name and Signature

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