

ADDENDUM

UNDERSTANDING REGARDING AN APPLICATION OF EUROCLEAR BANK FOR AN EXEMPTION UNDER U.S. FEDERAL SECURITIES LAWS

This Addendum supplements the 2001 Understanding Regarding An Application of Euroclear Bank for an Exemption Under U.S. Federal Securities Laws (“2001 Understanding”) between the U.S. Securities and Exchange Commission (“SEC or Commission”) and the Banking and Finance Commission. This Addendum is between the SEC and the National Bank of Belgium (“NBB”) as the current lead authority for the prudential supervision and the oversight¹ of Euroclear Bank SA/NV (“Euroclear Bank”) in Belgium and as successor to the 2001 Understanding.

On December 16, 2016, the Commission approved Euroclear Bank’s application to modify its existing exemption from the requirement to register as a clearing agency (“2016 Modification Order”). Under the 2016 Modification Order, Euroclear Bank may continue to perform the clearing agency activities approved in the 1998 Exemptive Order as well as provide certain additional clearing agency activities for its U.S. Participants without having to register with the SEC (“Clearing Agency Activities”). As a condition to granting the 2016 Modification Order, Euroclear Bank has agreed to provide additional information to the SEC.

The SEC and the NBB enter into this Addendum expressing the NBB’s intent to provide supervisory cooperation and assistance to help assure that Euroclear Bank fulfills the conditions of the 2016 Modification Order. The NBB will direct Euroclear Bank to transmit to the SEC the additional information outlined in this Addendum.

Paragraph 1 of the 2001 Understanding shall be amended as follows:

Section (a) shall become section (a)(i), and new paragraphs (ii)-(iv) shall be added to state:

- (ii) notify and transmit information regarding any material changes to any service agreement between Euroclear Bank and any other entity that is performing Clearing Agency Activities;
- (iii) notify the SEC regarding the use of different information technology industry standards to which written policies and procedures applicable to the Systems are consistent; and
- (iv) notify, update, and transmit reports to the SEC related to a Systems Event.

¹ Royal Decree of 11 June 2015 designating the competent authority responsible for the authorization and supervision of central securities depositories and Articles 8 and 36/2 of the Law of 22 February 1998 establishing the organic statute of the NBB.

Section (b) is amended to add the following three new subsections:

- (iii) the average daily value of U.S. Equity Securities that are held in Collateral Accounts at Euroclear Bank for U.S. Participants and a breakdown of the general types of Euroclear Bank collateral agreements in respect of which such value is given as collateral;
- (iv) the average daily value of U.S. Equity Securities that are held in Euroclear Bank's account at the Depository Trust Company; and
- (v) the total value, and a breakdown of the general types of Euroclear Bank collateral agreements in respect of which such value is given as collateral, of U.S. Equity Securities that are transferred from Collateral Accounts of U.S. Participants at Euroclear Bank to other securities clearance accounts at Euroclear Bank pursuant to a liquidation of such collateral.

Section (c) is deleted and replaced with (c) and (d) below:

- (c) submit to the SEC on a quarterly basis:
 - (i) a report describing completed, ongoing, and planned material changes to the Systems; and
 - (ii) an aggregated list of Systems Events characterized as Bronze level events.

- (d) provide to the SEC, on an annual basis, a copy of certain reports including:
 - (i) Euroclear Bank's annual audited financial statements;
 - (ii) the audited control report made available to Euroclear Bank's participants;
 - (iii) copies of the portions of any annual control report provided by Euroclear Bank to its primary Belgian regulator that describe controls applicable to the Systems;
 - (iv) any reports, agendas, and presentation materials relating to the capacity, integrity, resiliency, availability, and security or compliance of the Systems that are provided by Euroclear Bank to its primary Belgian regulator;
 - (v) an update on the status of Euroclear Bank's written policies and procedures applicable to the Systems, including an affirmation of the information technology industry standards to which those policies and procedures are consistent;
 - (vi) a report describing material changes that would not otherwise require amendment of Euroclear Bank's application for exemption on Form CA-1;
 - (vii) a report describing the function of the policies and procedures of Euroclear Bank for monitoring its own compliance with the conditions of the 2016 Modification Order; and
 - (viii) a report describing Euroclear Bank's management of any conflicts

of interest of an affiliated or third-party service provider that have arisen since the prior report with respect to the performance of the Clearing Agency Activities.

(There are no changes to the last sentence of Paragraph 1.)

Paragraph 2 of the 2001 Understanding shall become 2(a), and a new Paragraph 2(b) shall be added that states:

- 2b. To assist the SEC in conducting on-site inspections for compliance with the 2016 Modification Order, the NBB will direct Euroclear Bank to provide SEC staff with access to all facilities (including automated systems and systems environment), records, and personnel related to the Clearing Agency Activities. SEC staff will notify and consult with the NBB before conducting such on-site inspections.

Paragraph 3 of the 2001 Understanding shall be amended by adding at the end the following:

For purposes of this Addendum, the SEC rules and regulations concerning the treatment of confidential information are: (1) the Securities Exchange Act of 1934 (“Exchange Act”), as amended from time to time, which addresses, among other things, the confidentiality of SEC files (Section 24(b) of the Exchange Act), disclosure of records obtained from foreign securities authorities (Section 24(d) of the Exchange Act) and disclosure to Congress (Section 24(g)(2) of the Exchange Act); and (2) regulations promulgated by the Commission regarding the treatment of non-public information including regulations regarding disclosure under the Freedom of Information Act (17 C.F.R. §§ 200.80 & 200.83) and regulations barring disclosure of non-public information (*e.g.*, 17 C.F.R. § 200.735-3(b)(2)).

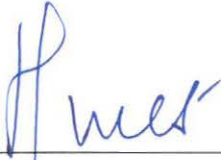
Paragraph 4 of the 2001 Understanding shall be amended as follows:

- (a)-(c) No change.
- (d) “Collateral Accounts” refers to any securities or cash account at Euroclear Bank that is used to receive collateral.
- (e) “Systems” refers to any systems that support or are integrally related to the Clearing Agency Activities.
- (f) “Systems Event” refers to a disruption, compliance issue, or intrusion of the Systems that impacts, or is reasonably likely to impact, the Clearing Agency Activities.
- (g) “U.S. Equity Securities” refer to equity securities issued by U.S. Issuers.
- (h) “U.S. Issuer” refers to an issuer organized or incorporated under the laws of any state of the United States, territory thereof, or the District of Columbia.

Signed in duplicate on the dates noted below.



Michael S. Piwowar
Acting Chairman
For the United States Securities and Exchange Commission
Date: 2/17/17



Jan Smets
Governor
For the National Bank of Belgium
Date: 09/03/17