



Attendance:

Chairman: Bart Baudewyn (BNP Paribas Fortis)

Members: Stephaan De Smedt (BDA), Olivier De Bruyn (KBC), Pieter Samyn (ING), Katia Depuydt (Euroclear), Warren Thorsen (Citibank), Jean-Paul Rousseau (Febelfin), Luc Goosens (Belfius), Gil Vanden Broeck (BNP Paribas Securities Services).

Secretary: David Rubens (NBB-SSS)

NBB-SSS: Luc Janssens, Luc Eicher, Marc Lejoly, Jimmy Steenhout

Introduction

- Welcoming
- Nomination of Luc Janssens as member of the T2S board: Luc Janssens has been appointed as successor of Fons Vaes, who retired recently, to the T2S board. This function is incongruous with his function as head of a CSD, and thus Luc Janssens will probably (this has yet to be decided on the next meeting of the NBB Executive Committee) no longer carry any operational responsibility for NBB-SSS.

1. User Committee: Mandate

- Proposal by NBB-SSS ([link to the document](#)). The legal documentation is in Dutch and French, but a "non legally binding" English version will be published by NBB-SSS as well.
- Q¹: One vote per user in the User Committee?
 - A²: Yes
- NBB is considering the creation of a Management Committee for NBB-SSS. The general idea would be that the NBB Board of Directors would delegate a number of decisions to the Management Committee (for example the approval of adaptations to the NBB-SSS rule book).
- Remarks on the roles of the User Committee:
 - IT projects and development: Because of T2S, NBB-SSS has very little room for other IT developments. Everything has to be viewed in a T2S perspective. The User Committee is an adequate platform for IT development discussions;
 - Pricing: The emphasis of the User Committee's advice is on the price structure, not the price level.
 - The list of roles looks complete, but can of course be amended in the future.
- Q: Can a member of the User Committee propose agenda items?
 - A: Before each meeting, a draft agenda will be sent out to the User Committee members. This can be amended by any member.
Any member is of course free to directly contact the chairman or the secretary for the same purpose.
- Q: Can smaller participants (that are not a member of the User Committee) propose agenda items?
 - A: This can be done via a member of the User Committee.

A second version of the Mandate will be sent out to the members of the User Committee for approval. Then the text will be submitted to the NBB Board of Directors. After this validation process, the mandate will be published on www.nbbsss.be.

¹ Question from a user

² Answer from NBB-SSS

2. NBB-SSS Facts and figures

Link to presentations: [New Issuances and Maturity](#) + [Settlement ratio](#)

- Remarks on the number of transactions:
 - R³: There is a link between the volatility of the markets and the rise in number of transactions. Reply from NBB-SSS: correct.
 - The rise in number of transactions can also in part be explained through an increase of the dematerialization operations.
 - Another part of the explanation may come from an increase of foreign trading in Belgium government bonds.
- Remarks on the number of issuances:
 - Many small issuances of commercial paper.
 - NBB-SSS expects an increase in the number of issuances, because of the acceptance of covered bonds.
 - In order to treat new issuance dossiers faster, NBB-SSS designed a template containing the main relevant information (for example info on XN regulation). In case the prospectus would contain contradictory information, the information disclosed through this document will give be decisive.
 - Q: NYSE has a proposal to speed up the issuance process in the BE market (at this time it is easier to issue in Lux than in BE). Has there been any progress on this topic?
 - A: In progress. But we notice that the speed of the issuance process in BE has made good improvements. During the discussion it was mentioned that the FSMA seems to respond faster to new demands.
- Remarks on the settlement ratio:
 - Q: Is it mostly the same participant(s) that have failed instructions? Which ones?
 - A: The number of fails varies widely from participant to participant, so the decline in settlement ratio is indeed influenced by a few participants. We cannot disclose their names.
ESMA asks NBB-SSS to report on fails.
 - R: The CSD regulation will result in maintaining penalties in Europe (T2S).
 - R: The way of calculating fails varies broadly from CSD to CSD in Europe.
 - NBB-SSS stresses the fact that as from phase 1 automatic lending/borrowing will no longer be possible, due to incompatibility to the T2S schedule of the day and restrictions in the access of asset valuation information.
 - Overall feeling: nice figures, good result.

3. Incident reporting

(Overview of technical problems: for User Committee members eyes only)

- The 'system uptime' was relatively poor in July. This was (partly) due to a mainframe offload. NBB-SSS has pointed this out with the NBB IT management and there are much less problems since (cfr. the good system uptime in August).
- The system uptime is calculated on a monthly basis as follows:
time the system is available / time the system should be available
- Q: Are there special procedures for incident close to the End of Day?
 - A: Yes. There are internal escalation procedures (NBB-SSS is now considered a super-critical application within NBB). NBB-SSS can also ask for a delay in the closing of Target2.
- Q: Does the SWIFT cut-off time not matter?
 - A: No. SWIFT remains open (24h/24h) in NBB.
- R: Target2 can even close later than 19h00 (even 22h00 could be possible).
- Q: Will ECMS be altered in the perspective of T2S?

³ Remark from a user

- A: For info on this topic, please contact the NBB Back-Office.
- Q: Currently, IT problems are resolved internally in the NBB. How will this happen in Montran?
 - A: We have a contract with Montran for the resolution of problems. Moreover a Montran IT-person will be on site (at least up to the phase 2) to be able to resolve any problems even faster.
- Every month NBB-SSS will send the incident ratio file (Excel format) to the User Committee members.

4. T2S - NBB-SSS Adaptation plan status

[Link to presentation](#)

- Usage of SharePoint:
 - Question from NBB-SSS: Disappointing use of SharePoint. Why?
 - A: SharePoint as a medium is not enough known (it seems easier to send e-mails). Due to other developments in the banking sector, banks are not yet into the T2S adaptation plan, they seem to have other priorities (French transaction tax,...).
 - Possible solution: Encourage people to use SharePoint, by disclosing some info ONLY on SharePoint.
- Progress with Montran:
 - In 2 to 3 weeks, NBB-SSS will receive the 'gap analysis' of Montran. This info will be integrated in the adaptation plan.
 - It is still not too late to have new input (features etc.) to integrate in the Phase 1 software.
- SWIFT is offering an ISO 20022 (T2S) online course 'for dummies' in 90 minutes. This is available on the SWIFT website. NBB-SSS will follow the course and NBB-SSS encourages its participants to envisage this possibility.
- Proposal of synchronization points (see point 5. Participant readiness monitoring): A list of deadlines for NBB-SSS participants (comparable to the T2S synchronization points for the CSDs).
Example: are your budgets prepared for 2013 (Answer in Green/Yellow/Red)?
- Situation of T2S Programme Office:
 - Change Request Group (CRG): many change requests have been submitted.
 - Q: What is the level of transparency of these groups?
 - A: The outcomes of the meetings are published on the ECB website.
- R: the ISO 15022 - ISO 20022 approach of the NBB-SSS is a safe approach and thus a good approach for the BE market in the shorter term.
- Q: What is the decision process for change requests regarding the Montran software? If 4 or 5 banks agree on a change request, does this suffice for NBB-SSS?
 - A: Yes. And we can add 'change request decisions' to the mandate of the User Committee, so the User Committee will become the forum for change requests. If the market has change requests, NBB-SSS will calculate the total cost for the market of introducing these changes into the system. This information is essential to the decision process.
- New functionalities like partial settlement, and new rules for recycling etc. will be used by default in phase 1. If you do not wish to make use of this, this should be explicit in every sent instruction. Therefore NBB-SSS is thinking of introducing a possibility to reverse the logic at account level (= on the level of each account of a participant), so that the new features and rules will no longer be the default setting.

5. Participant readiness monitoring

- See document "NBB-SSS Client Readiness Monitoring"
[\(link to the document\)](#) [\(link to annex 1\)](#) [\(link to annex 2\)](#) [\(link to annex 3\)](#)
 - Since it is mandatory in T2S (= NBB-SSS phase 2), NBB-SSS will also perform client readiness monitoring in phase 1.
 - The information gathering for client readiness monitoring purposes will be a joint effort between NBB-SSS and NBB cash division. Koen Geenen will be the contact person.
- SPOCs: lacking responses
 - First task of Koen Geenen: gather all the T2S SPOC names.
 - Also interesting to have a list of daily operational SPOCs.
- The new SWIFT guide will be available by the end of the 2012 - early 2013.
 - Q: Can we answer NBB SP 2 if we haven't received the new SWIFT guide yet? Some participants are considering of going directly to ISO 20022 as of phase 1.
 - A: Admittedly, this is a bit difficult. The timing of synchronization point 2 can be shifted, but only up to January ultimately.

6. Impact of the CSD regulation on the NBB-SSS

(Table document)

- There has been a shift from self-regulation to top-down regulation by the European Commission.
- Be aware of the definition of a CSD! Banks could be considered as a CSD and therefore submitted to the CSD regulation.
- NBB-SSS has some ideas of the impact of the CSD-R, but has to examine it more into detail. This topic will be discussed more thoroughly in the next User Committee.
- Q: Can a Belgian security be issued abroad?
 - A: Yes. However it is unclear if this is possible for BE ISINs.

7. Preparations of the next version of the rule book

(Table document)

- Q: Why can not all participants have foreign currency accounts? What is the barrier?
 - A: There is a legal barrier and a cash management barrier. The extension of the number of authorized participants (now paying agents are allowed as well) is just a first step until the adaptation of the law.

8. Miscellaneous

- Covered bonds (approved by the Belgian Parliament on July 18th): still waiting for the Royal Decree.
- Inflation linked bonds: technically NBB-SSS is completely ready to accept ILB: still waiting for the Royal Decree.
- Need to have SPOCs for the daily operations: for escalation purposes.
- NBB-SSS follows closely the evolutions about the withholding tax: from 21% (+4%) to 25%?



Next meeting: Monday the 4th of March 2013