

Minutes of the ad hoc User Committee teleconference 24-09-2014



Attendance:

Chairman: Bart Baudewyn (BNP Paribas Fortis)

Members: Jos Wauters replacing Philippe Lepoutre (BDA), Olivier De Bruyn (KBC), Warren Thorsen and Harm Bulthuis (Citibank), Luc Goossens (Belfius)

Not present : Pieter Samyn (ING), Katia Depuydt (Euroclear), Gil Vanden Broeck (BNP Paribas Securities Services), Herwig Smitsaert (NBB-SSS), Jean-Paul Rousseau (Febelfin)

Secretary: Koen Geenen replacing David Rubens (NBB-SSS)

NBB-SSS: Marc Lejoly, Jimmy Steenhout, Koen Geenen

Introduction

The ad hoc teleconference was asked for by KBC. Olivier De Bruyn explains the issue at stake:

The NBB-SSS has published on Sharepoint the outcome of its market consultation on the intended use of the new feature Market Claim indicator by the NBB-SSS participants from the Ramses go-live onwards. The outcome shows a 50/50 split in participants' preferences. Hence, Market Claim Y/N will lead to a high number of unmatched instructions as there is no shared market practice. In addition, there are no market rules to resolve an unmatched status.

1. Market Claims

The concept, application rules and introduction of Market Claim indicator in the NBB-SSS from phase 1 follows the T2S development of this feature. For detailed information, refer to the NBB-SSS Adaptation Plan section 7.2. "Market Claims". The NBB-SSS has deployed the feature to be applicable as from 1 December 2014 in Ramses phase 1.

The current static data set-up at account level is approx. 50/50 for MC indicator, either in favour of MC generation either in favour of NOMC (never market claim). As the MC indicator is a matching criterion, the lack of a shared static data set-up will lead to a high number of unmatched instructions from the Ramses go-live at 1 December 2014.

The participants express their principle support for MC processing by the CSDs and by the NBB-SSS in particular. However, since the deployment by the NBB-SSS is much earlier than the deployment in T2S, participants consider that the market is not yet ready at this time to introduce the MC generation by the NBB-SSS at the go-live of Ramses at 1 December 2014. Participants confirm their commitment to be ready at the latest by phase 2 of the migration, i.e. wave 2 in the T2S migration March 2016. Possibly, the readiness would be already be achieved the T2S wave 1 timing June 2015.

However, the User Committee underlines that a Belgian market practice does not guarantee cross-CSD settlement efficiency and that the issue is to be addressed not only in NBB-SSS Ramses but in T2S as well.

The participants in the teleconference agree unanimously to set the MC indicator at NOMC for the time being which would result in no generation of MC by the NBB-SSS. This implies that also Transformations (see NBB-SSS Adaptation Plan section 7.3) will not be generated.

The Chair agrees to consult with the absent UC members to learn their view/agreement on the proposal to request all participants to set the MC indicator at NOMC.

As a follow-up of the teleconference the Chair reports that some participants who missed the teleconference had intended to use MC but agree to follow the majority and support a communitywide non-usage of MC.

One member –Euroclear Bank- reports that they had already advised their clients that a market claim service would be offered and that the default processing would be to opt in for MC. Only when the clients specifically put NOMC in their instructions to EB, EB would also opt out at the level of NBB. Setting NOMC at account level means that the MC service would not be offered to the EB clients. EB understands this preference of the UC members and would potentially support it but has not yet taken a formal decision. EB requests a formal statement where the MC market practice would be announced.

Conclusions:

- The proposed joint approach as market practice is to set the market claim indicator as NOMC at account level in the Ramses test and production environments.
- The participants will be informed of this proposal by the NBB-SSS on behalf of the User Committee by e-mail and at the 11th info session on 14 November 2014 and will be requested to set the MC indicator as NOMC.
- The User Committee members are requested to address this cross-CSD harmonization issue at the various T2S forums in which they participate.
- The next User Committee will discuss the status of this topic both in the Belgian market as in the T2S-wide community.

2. Miscellaneous

Ramses phase 1 Migration

For the phase 1 migration, the point of no return is set after the first settlement on Monday 1 December 2014 after the migration weekend, at which time the cash leg is available. The participants consider that rolling back to pre-Ramses at this late point in time will not be feasible. It is suggested as a workaround not to roll back on Monday 1 December 2014 in case of a blocking problem but to close Ramses for the time needed to solve the processing problem, i.e. “reduced operational day”.

This proposal will be addressed at the 11th info session at 14 November 2014.

Ramses community testing

The need to thoroughly test with the electronic platforms and CCP is acknowledged. Luc Goossens (Belfius) will take the initiative to contact all involved parties to initiate community testing of this business flow.

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