

# Minutes of the 6<sup>th</sup> User Committee Meeting 02-03-2015

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## Attendance:

*Chairman:* Bart Baudewyn (BNP Paribas Fortis)

*Members:* Philippe Lepoutre (BDA), Olivier De Bruyn (KBC), Pieter Samyn (ING), Katia Depuydt (Euroclear), Elly van As (Citibank), Jean-Paul Rousseau (Febelfin), Luc Goossens (Belfius), Gil Vanden Broeck (BNP Paribas Securities Services).

*Secretary:* David Rubens (NBB-SSS)

*NBB-SSS:* Herwig Smissaert, Marc Lejoly, Jimmy Steenhout, Sophie Helbig

## **Introduction**

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- Welcoming
- Approval of minutes of last UC meeting
- A new secretary will have to be appointed with the departure of David Rubens. NBB-SSS will make a proposal in the next UC.

## **1. Ramses status**

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- Evaluation Ramses Migration: Jimmy runs over the migration weekend and highlights the small deviations compared to the original plan. Documentation: see large print-outs. No remarks from UC.
- System behaviour in the first month: quite stable. One problem with SWIFT and 2 small business problems related to stripping/reconstitution. The rest of the time: green.
- Settlement efficiency: increasing since the beginning of the month of February. Now around 98%. With the introduction of hold/release we will probably never reach the settlement efficiency of the legacy system (99,8...%).

A substantial part of the problems related to settlement efficiency are due to hold and release management. Too many transactions stay on hold. Moreover, due to a lacuna in the NBB-SSS rulebook, transactions that do not settle because they are on hold are not subject to a penalty fee.

Q: How many participants pose problems with on hold transactions?

A: 5 – 6. Always the same ones. We are in contact with them.

Remark: the problem is sometimes due to the use of omnibus accounts. Participants put transactions on hold because a certain client lacks securities and they do not want other participant's securities on the same omnibus account to be used to fill the lack.

Q: Is it feasible to split up the omnibus accounts?

A: No. Not feasible and not T2S compliant.

Q: There is always a first participant at the beginning of a chain that does not deliver (sometimes for a long time). Why?

A: No answer.

Proposed partial solution: put a penalty fee for transactions that do not settle on ISD due to 'on hold'. The UC agrees with this and also with the suggestion to put the fee at the same level as the fee for short of securities (LACK).

*For further discussions on penalty fees, see agenda item 2*

- GUI performance: there is full transparency on performance data per user. The performance is OK, except if queries are launched with too large search criteria. The more you define the query the faster it goes. Participants are invited to provide cases where response time could be improved. User/Timestamp/Search criteria/Screens are needed to help the investigation.

## 2. Rule Book

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- Penalty fees: the current penalty fees will be administrative fees in T2S. Next to those fees there will be high (in bps of nominal instead of fixed) fees that will be retransmitted to the receiving party.  
Q: Is it possible to make a simulation of the impact as if we were already in that system?  
A: No, because we no longer dispose over the prices to calculate.  
Remark: administrative costs are not considered as 'market practice', hence cannot be transferred to the clients. Therefore the question is raised whether the fees could be lowered. NBB-SSS is quite expensive compared to other CSDs.  
Moreover, due to the current high fines, direct members of the NBB are in a competitive disadvantage, as their underlying clients are asking themselves why they still should use a local agent and settle via Ramses and not via the ICSD's and do Clearstream-Clearstream or Euroclear-Euroclear settlements, avoiding the current high fines.  
A: due to the problems with transactions on hold not settling and the billing of the complete chain, the bill for February will be exceptionally high. NBB-SSS therefore proposes to grant a one-time reduction of 50% on the penalty fee bill.  
A2: NBB-SSS noted the concern of the UC members regarding the height of the penalty fees. NBB-SSS will see what can be done to lower the penalty fees on a permanent basis. A proposal (containing the views of the UC) will be sent through the NBB-SSS Management Committee to the NBB's board of directors who will decide upon this.
- The NBB-SSS can use the CSD hold or priority functionality in instructions to guarantee the optimal functioning of Ramses (i.e. maximum number of transactions settled).
- XN process: normally Withholding Tax Transactions are linked WITH the underlying transaction. For same day settlement we allow WTT to be linked AFTE(r) the underlying transaction. In case the withholding tax exceeds 50€, the WTT will be put on hold until NBB-SSS receives the proper documentation.

## 3. Miscellaneous

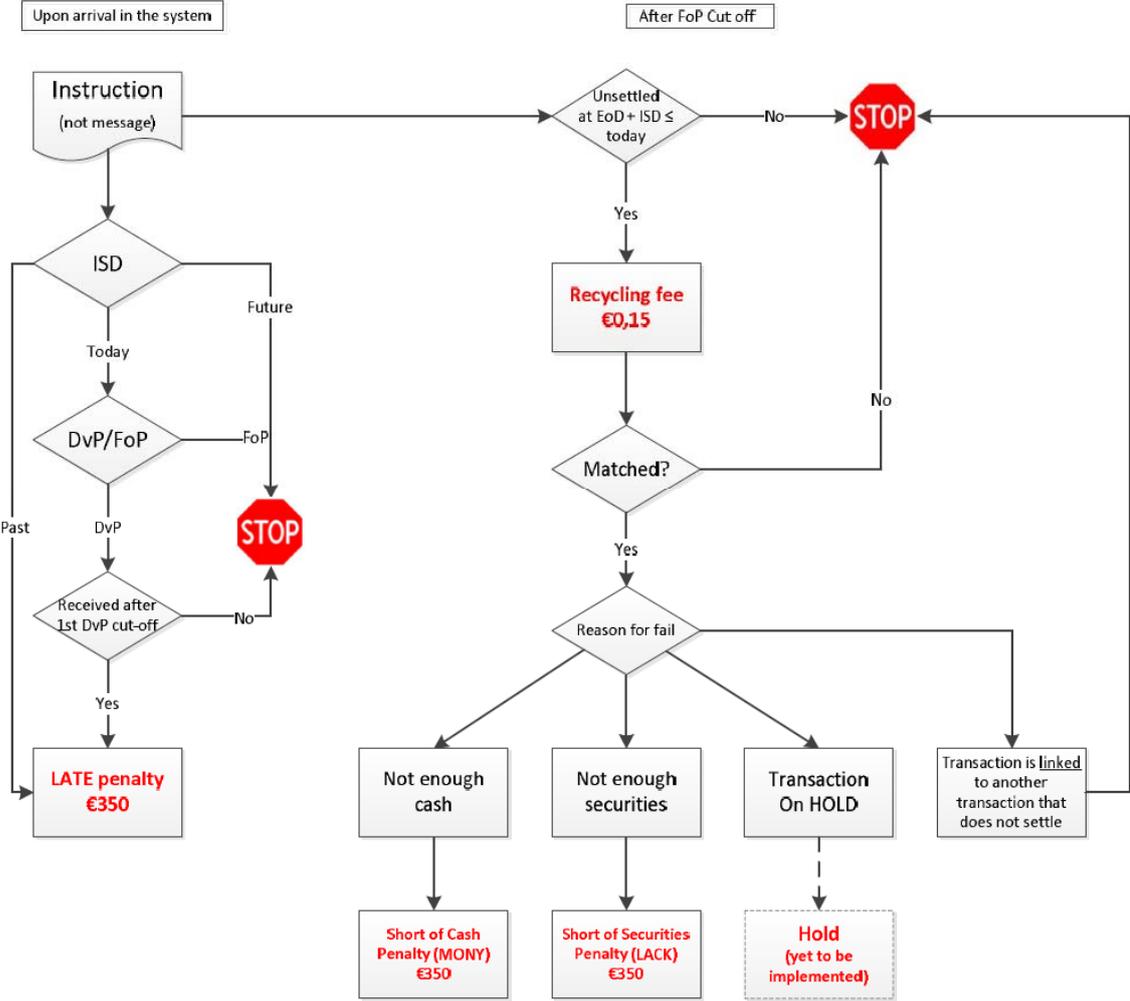
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- Corporate action processing: move to start of day (T2S compliance)  
Contract can be adapted so that new contracts can have CA at start of day. For the existing contracts, we will have to be ready to do CA processing at SoD for T2S. How to tackle this will be discussed in the following UC meeting.
- MT536 / MT548 / MT537: The reports are T2S compliant. Remark: info coming from the other participants/CSDs seems to contradict this. NBB-SSS will have a telco with SMPG on these topics.
- WIROW cash screen : Information from Ramses is not coherent:  
At the start of Ramses there was a bug (only first couple of days), after that it worked perfectly. Ramses settles real time and sends the info in real time to WIROW. The forecast matched/unmatched, however, is not real time.  
There will be a screen in Ramses where you can follow up the cash forecasts (available soon in test).
- Settlement efficiency for CCP / LCH activities: also lower due to LACK (same as previous). Cost of lending will increase.
- NOMC procedure for NBB transactions: Next UC meeting an action plan for activation of MCs in T2S should be prepared.
- Q: Is partial settlement frequently used? A: No, maybe 2 – 3 a day.
- Reporting based on the Data Warehouse (DWH): New DWH is being set-up, so new reporting possibilities (in progress).

Next meeting 07/09/2015
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Annex 1: Penalty fee schedule

Penalty fees schedule



No penalty for Withholding Tax transactions!