

# Minutes of the 7<sup>th</sup> User Committee Meeting 04-09-2015

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## Attendance:

*Chairman:* Bart Baudewyn (BNP Paribas Fortis)

*Members:* Philippe Lepoutre (BDA), Olivier De Bruyn (KBC), Pieter Samyn (ING), Pierre Paul Stacanov (replacing Katia Depuydt, Euroclear Bank), Elly van As (Citibank), Jean-Paul Rousseau (absent, Febelfin), Luc Goossens (Belfius), Antoine Denayer (replacing Gil Vanden Broeck, BNP Paribas SS)

*Secretary:* Koen Geenen (NBB-SSS)

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

## Introduction

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- Approval of minutes of last UC meeting

### 1. Ramses status

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- RAMSES system behaviour in the first months
  - o Stable but availability (uptime) dropped resulting in 5 months in Feb-July (slightly) under NBB SLA of 99%. T2S SLA availability is 99,7%.
    - A service review meeting is planned with NBB IT to address this issue.
    - Real time monitoring of logs and automated alerting have been installed.
- Preparation for T2S wave 2
  - o NBB-SSS is "green" in its preparation, static data is being collected for Community testing starting on 19/10/2015, 14<sup>th</sup> Info session with the SPOCs on 4/9/2015 AM.
- T2S Stability overview
  - o Wave 1 stability report is being drafted: T2S and connection with T2 is working as expected.
  - o Wave 1b first week in operation: smooth migration but two incidents on delayed NTS and one incident on autocol leading to ½ hour delay in TARGET2, currently being patched.

### 2. Rule Book

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- Market reaction on penalties
  - o Since Rulebook v03/2015 every short party in the chain is being penalised, not just the originating short party (CSDR compliant) for administrative costs on NBB. These penalties were lowered in March 2015. Penalties can be reclaimed outside NBB-SSS but there is no market practice or a shared procedure/template.

The UC meeting sees no need to change this approach as several parties consider this a zero sum exercise and do not reclaim. The UC meeting questions the necessity and the size of the penalties. Other parties, e.g. ICSDs, Euroclear BE/NL are not charging, Euroclear FR would charge 40 EUR. The NBB-SSS management explains the current penalties policy as needed as a tool for the higher goal of improving settlement efficiency and the size is needed to cover the IT-developments for charging the penalties. The UC meeting is also reminded that the penalties have just been lowered and cannot be challenged at every UC meeting.

The UC meeting requests that the issue would be addressed more extensively in the new version of the Rulebook (03/2016) or, alternatively, in a dedicated paper.

- Fee structure for RAMSES phase 2 from T2S wave 2
  - o The fee structure will not be changed in the Rulebook 03/2016 except for newly inbuilt T2S features, e.g. intra-position movements, camt019 or other.

### 3. NBB-SSS Facts and figures

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- Settlement volumes
- Issuance activity
- Settlement ratio
  - o Positive trend in new issuances and a status quo on a yearly basis in volume and number of transactions over the first 7 months in 2015. Settlement efficiency dropped, also in other CSDs when installing T2S features (wave 1). Remains to be followed-up, presumably influenced primarily by mismanagement of H/R and LINK and the discontinuation of automated lending.
  - o The CPSS-IOSCO PFMI leads to the requirement of offering DVP in foreign currencies. The NBB-SSS cannot comply given the low volumes in foreign currencies. As a result the NBB-SSS may need to review the offer of supporting new issuances in foreign currencies. To be continued in oversight assessment reports.

### 4. Service review

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- Availability and incidents
  - o Vide supra 1.
  - o The availability figures will not be shared monthly by e-mail any longer but addressed at the regular UC meetings or –if need be and on request to the chair- at an ad hoc UC meeting.
  - o Incident and crisis management is being aligned with T2S Manual Of Procedures which is based on ITIL © (Information Technology Infrastructure Library), e.g. providing incident reports, classification of incidents, responsibilities of settlement manager, etc.

### 5. Miscellaneous

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- NOMC procedure for NBB transactions : status for T2S wave 2
  - o The UC meeting requested the NBB-SSS not to generate MC until T2S wave 2, after first experience with MC from T2S wave 1. The UC meeting concludes that NBB-SSS MC can start with T2S wave 2 after successful testing in the Community test environment from 19 October 2015 onwards.

- Timing private bonds corporate actions and convention for T2S wave 2
  - o In T2S CA and redemptions must be processed at EOD of D-1 between 18:00 CET and 18:45 CET and executed in NTS sequence 1 shortly after at 20:00 CET. Currently, government bonds are processed at EOD but corporate bonds CA are processed at 10:00 CET or 12:00 CET (with link "AFTE" with the debit instruction). The Convention supporting these timings will need to be changed for new issuances. Participants should be aware that corporates are debited on PAYDATE D while paying agents will be debited and CA receivers credited earlier at start NTS.
  
- Issuance of Floating rate commercial paper
  - o There seems no strong need from paying agents to provide issuances with a daily floating rate, e.g. EONIA based.
  - o Not supported by NBB-SSS, only monthly indices (currently for one ISIN).
  - o The requestor (BNP Paribas FORTIS) will further investigate whether a daily index feed by NBB-SSS is indispensable for issuing floating rate commercial paper, incl. the distinction X/N for generating DWTT transactions on N.
  
- Negative interest rate:
  - o The NBB-SSS does not support ISINs with fixed negative interest rates. In case of negative coupon for ISINs with a floating rate coupon, these coupons will not be collected. With these conclusions the NBB-SSS is aligned with the market practice as applied by Euroclear Bank and Clearstream.
  
- CA announcements:
  - o Currently, NBB-SSS sends MT564 5 days before CA with the summary of position, cash, date, rate, D/C, etc. RAMSES sends a new MT564 after a change. It could be considered to send again on D a MT564 with code word REPE (replacement) with new entitlement, sent after EOD of D-1. A written consultation will be held to collect the views of the NBB-SSS community if this change request is needed and with which timing.
  
- Autocollateralisation:
  - o T2S applies autocol in wave 1b but experienced an issue with a delay in the automated reimbursement at 16:30 (RMIC event), following an increase in an autocol limit. The bug will be patched by 11/9/2015.
  - o The UC members request a workshop on autocol as the practical implementation is not yet fully clear. The NBB-SSS representatives understand the need and will try and offer a response in a workshop or info session, preferably before the Community testing in which the autocol testing is envisaged (November 2015).
  
- Reporting on partialing
  - o Regarding the ongoing DCP-G Forum consultation the NBB-SSS confirms that RAMSES follows T2S standard but prefer to follow SMPG recommendation.

Debrief of T2S Change Review Group meeting 17/9/2015:

CR-549: "Statement of Transactions reporting for Partially Settled transactions to be made SMPG compliant".

The aim of the change request is to address current discrepancy between the way T2S reports the Partial settlement in Statement of Transaction reporting (semt017) and the SMPG guidelines on Partial Settlement reporting (Last updated in April 2015).

T2S: NBBSSS reports the T2S way to ICPs - If a transaction was partialled multiple times during several business days, the T2S statement of transaction reports the cumulative amount/quantity of what settled up to now.

SMPG: If a transaction was partialled multiple times across several business days, the statement of transaction reports each day only the amount/quantity of what settled during that business day.

NBB-SSS supports following SMPG standards as a principle. CR-549 will not be available in wave 2.

However, what do participants want, which way is more convenient?

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