



NBB-SSS USER COMMITTEE **ROLE AND OPERATION** (01.12.2017)

1. Introductory remarks

On 17-04-2012, the Board of Directors of the National Bank of Belgium (the 'NBB') decided to set up a User Committee for the National Bank of Belgium's securities settlement system (the 'NBB-SSS').

The User Committee's role and operation were approved by the NBB Board of Directors on 07-11-2012.

On 20-05-2014 the NBB Board of Directors decided to hand over some of its powers to the Management Committee of the NBB-SSS.

2. Objective

By setting up the NBB-SSS User Committee, the NBB is seeking to get NBB-SSS users more closely involved with the settlement system's operational and strategic policy direction, with due regard for the T2S context, *inter alia*.

The establishment of this committee puts the NBB-SSS in a better position to meet the ESCB-CESR criteria and the CPSS-IOSCO's "Principles for Financial Markets Infrastructures", thus taking account of the specific situation of a market infrastructure managed by a central bank.

3. Role and competences

The User Committee is an advisory committee which was set up as a forum for discussion between the NBB, in its capacity as operator of the NBB-SSS, its users and the market. It issues advice and drafts proposals that are reported back to the NBB-SSS Management Committee by the NBB-SSS representatives. In this context, its duties include the tasks set out below and it has the following competences.

3.1. IT projects

- The NBB-SSS representatives deliver six-monthly reports on progress with ongoing IT projects and on new projects in the pipeline.
- The User Committee may, upon its own initiative, propose changes to existing IT functions, reporting, standards, etc.
- Any decisions concerning the NBB's IT Governance that apply to the NBB-SSS are notified. Should they not comply with the wishes of the User Committee, then the latter can notify the NBB-SSS Management Committee.

3.2. Criteria for becoming an issuer or participant

Proposals for decisions concerning this matter shall be put forward for an opinion.

3.3. Pricing structure

Proposals for decisions on adjustments to prices or concerning the pricing structure shall be put forward for an opinion.

3.4. Service level

- With due regard for the legal framework (protection of personal privacy, confidentiality obligations, etc.), the NBB-SSS representatives can provide additional statistical data upon the request of a member.
- Each month, the members shall receive an overview of the problems that have arisen in the preceding month.
- A detailed report shall be drawn up about problems that have arisen during the previous half-year (incident reporting).

3.5. Legal and regulatory developments

- The User Committee can take up particular standpoints that can subsequently be used in other fora.
- Representatives of the NBB-SSS shall inform the User Committee of proposals for major amendments to the NBB-SSS regulations. They will be explained and discussed within the User Committee.

3.6. New service provision or changes in the existing supply of services

Apart from the functions that have already been established through T2S or services supplied by the NBB-SSS, members may put forward questions concerning new functions, including those in connection with local entities, and the User Committee can make proposals to the NBB-SSS for changes in the existing supply of services.

3.7. Consultations

The User Committee can decide to organise a market consultation about an issue that falls within its competence.

3.8. Representation of non-members

Issuers and direct or indirect NBB-SSS participants that are not members of the User Committee may request a member of the User Committee to express their viewpoint or put an item on the agenda.

The chairman of the User Committee can choose to invite NBB-SSS participants that are not members of the User Committee to the User Committee meeting to clarify their viewpoint.

4. Composition

4.1. Members

- Both issuers that have concluded an agreement with the NBB on the provision of clearing services and NBB-SSS participants may designate a member.
- The members shall be appointed personally by their institution. Each one of them may give the name of an alternate.
- In principle, issuers/paying agents and participants shall have equal representation in the User Committee, each with 4 delegates. The most important NBB-SSS market parties, expressed in volume issued (in number of dossiers) or in number of completed orders (in number of messages), shall have priority. The User Committee can approve additional requests for User Committee membership based on the qualitative appreciation of the applicant's profile when that profile is insufficiently represented in the User Committee.
- If one of the market parties does not wish to take up its seat, the next issuer/ participant shall qualify for the place.
- FEBELFIN shall appoint a member, as well as his/her substitute, in order to represent the Belgian banking sector as a whole.

- The composition shall be reviewed every two years.
- The composition shall be published on the NBB-SSS website.
- NBB-SSS executive staff members have the opportunity to attend User Committee meetings, but the NBB-SSS as such shall not be recognised as a member. Consequently, it shall not take part in the voting.

4.2. Chairmanship

Members of an institution which, as issuer/paying agent or participant, brings in a large number of dossiers and at the same time accounts for a large transaction volume, may put forward their candidacy for the chairmanship of the User Committee. The User Committee shall choose a candidate who possesses thorough knowledge of the financial markets and is in a position to secure consensus decisions that reflect the views of all interested parties. The NBB-SSS Management Committee shall take note of the appointment of the candidate designated by the User Committee.

The chairman shall in principle be appointed for a four-year mandate, which can nevertheless be renewed by the User Committee.

4.3. Secretary

The secretarial work shall be carried out by a member of the NBB's staff (the 'secretary').

4.4. Remuneration:

None of the above-mentioned functions shall be remunerated by the NBB.

5. Working rules

5.1. Frequency of meetings

The User Committee shall meet at least twice a year, depending on the timing of the Bank's IT Governance. Additional meetings may be held on account of specific requirements.

A request to convene the User Committee may be introduced at any moment by at least two members.

Meetings shall in principle take place on the first Monday in September and March, except where circumstances otherwise dictate.

Teleconferences or written consultation can be held as well.

5.2. Agenda

The agenda for User Committee meetings is fixed jointly by the chairman and the secretary.

5.3. Reports

Reports on the meetings shall be sent by e-mail to the members of the User Committee for information.

The reports will then be sent by e-mail to NBB-SSS participants and published on the NBB-SSS website.

The reports shall be in English.

5.4. Operational aspects

The User Committee shall work according to the consensus model.

When the chairman declares that no consensus can be found, a vote must be taken. Whenever a vote appears necessary, the 'one man-one vote' principle shall apply. The result of the voting shall be put before the NBB-SSS Management Committee or, when necessary, to the NBB Board of Directors. If need be, the members of the User Committee shall be notified of NBB-SSS Management Committee's decision or, when necessary, to the NBB Board of Directors.

If a member or the User Committee or the institution he/she belongs to, is a directly concerned party for an item on the agenda, that member shall not take part in the discussion and shall abstain from voting. The chairman may even ask the member in question to leave the meeting during the debate and the voting. Should the member concerned refuse to do so, the chairman shall drop the item from the agenda and inform the NBB-SSS Management Committee and the compliance authorities of that member's institution.

Without prejudice to the right of competent authorities to be duly informed, the members of the User Committee shall be bound by confidentiality.
