Information document for stakeholders
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Preface

The objective of this document is to inform stakeholders of the imminent changes in NBB-SSS, with regard to the adaptation to TARGET2-Securities (T2S). Since these adaptations will have an impact on its stakeholders, NBB-SSS deems it very important that all changes in its processes and IT environment will be as transparent as possible.

The multiple changes involved (new features, new procedures, etc.) will be described in sufficient detail, so that the targeted stakeholders will know what to do to prepare themselves for T2S. NBB-SSS assumes that the readers are familiar with the concept of securities settlement. Nevertheless, some concepts will be refreshed and a glossary is also added.

NBB-SSS wishes to emphasize that this document is meant to facilitate a dialog with its stakeholders. Other measures of bilateral or multilateral communication (such as the creation of a user group) have been or will be set up in the near future. NBB-SSS would therefore appreciate receiving your feedback on this document. For our contact information, please refer to page 2. Communication with NBB-SSS is also organized via a SharePoint site.

General overview

We start this document by expressing NBB-SSS's commitment to participate in T2S and the drivers behind this decision. Then we explain NBB-SSS's unique plan to harmonize towards T2S, before actually migrating to the new European platform (the so-called 2-phase approach). The remainder of this document stems from this 2-phase approach, and is in fact a more detailed description of the features and procedures we wish to introduce or abolish.

Phase 1 comprises large parts, namely:

- T2S-compliant features that NBB-SSS will adopt;
- Features that will remain NBB-SSS specific;
- Features that NBB-SSS will abandon in order to comply with the future T2S standards.

Other important topics that are discussed are the issuance process, matching and settlement, corporate actions, static data, participants' adaptations and the testing and migration plan.

Phase 2 is the actual outsourcing of matching and settlement to the T2S platform adopting all remaining T2S features, the introduction of Dedicated Cash Accounts and the T2S Daily Schedule.
1. **NBB-SSS participation in T2S**

As a pan-European settlement solution, TARGET2-Securities harmonizes in a substantial way the market for post-trade services in Europe. CSDs that join T2S outsource some important functions, such as matching and settlement, to this central settlement engine.

CSDs seeking to join T2S were asked to sign the T2S Framework Agreement (FA)\(^1\), which is the core contract that states the rights and obligations of the participating CSDs as well as the Eurosystem in the development and operation of T2S. The T2S FA was signed by the candidates (including NBB-SSS) by June 2012.

NBB-SSS has always been committed to ensuring that the (Belgian) post-trade market would be as efficient as possible. It is this concern for service optimization that has led NBB-SSS to join T2S in the quest for shared efficiency gains.

Indeed, the centralization of matching and settlement in one pan-European service results in economies of scale, harmonization gains and a revolutionary increase in cross border settlement efficiency.

NBB-SSS is convinced that the harmonization of all CSDs towards one standard will be most beneficial for their participants, since they are often connected to several CSDs and currently need a lot of system-specific adaptations (interfaces, etc.).

For many CSDs, joining T2S is also embracing state-of-the-art market features (like real-time settlement, partial settlement, linked instructions). NBB-SSS is very eager to offer to the market these new features.

The adaptations that are made to comply or to harmonize with T2S also have legal implications. NBB-SSS proposes the necessary legal changes and adapts its Rulebook accordingly.

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1. [http://www.ecb.int/paym/t2s/pdf/csd_FA/T2S_Framework_Agreement_Schedules.pdf?fbclid=IwAR1k9R416406417c673250614de70431e6c8ff](http://www.ecb.int/paym/t2s/pdf/csd_FA/T2S_Framework_Agreement_Schedules.pdf?fbclid=IwAR1k9R416406417c673250614de70431e6c8ff)
2. The 2-phase approach

2.1. Introduction

NBB-SSS follows a 2-phase adaptation plan to T2S, with a first phase on business day 2 February 2015 and a second phase (the actual migration to T2S) on business day 29 March 2016.

In the first phase, NBB-SSS implements a completely new CSD-SSS software that introduces most new T2S-compliant features. NBB-SSS migrates to this new platform in the weekend from 30 January 2015 – 2 February 2015.

The second phase is the migration to T2S in the second wave on business day 29 March 2016. In this phase the NBB-SSS outsources to T2S all functionalities related to matching and settlement and adopts the full T2S approach.

2.2. Purpose

The purpose of this 2-phase approach is to spread the project risks and to offer the benefits of the new harmonized system sooner, i.e. before the migration to T2S. It is estimated that, by updating the NBB-SSS software in 2014 (phase 1), 80% of all procedures and functionalities required by or offered in T2S are already available for NBB-SSS participants.

The decision to migrate in 2 phases was based on following arguments:

1. Reduction of the operational risk:
   The operational risk is reduced because the adaptation process to T2S is spread over a longer period. In this way we avoid a ‘big bang’ migration which would put a lot of pressure on both NBB-SSS and its participants. Since the testing period is longer (tests involving participants is performed from Q1 2014) than in a ‘big bang’ migration, the quality and the stability of the tested features should be higher.

2. The fact that many new T2S features are available in 2014 has a lot of advantages:
   - NBB-SSS wanted to update its IT platform anyway, so this is a great opportunity to include these state-of-the-art features and make our CSD fully compliant with the newest market standards, even before the arrival of T2S.
   - Some other CSDs may harmonize to the T2S standards before the arrival of T2S as well. This could enable NBB-SSS participants who are also participants in other CSDs to rationalize their tools, interfaces and procedures, as these will become more closely harmonized.
   - NBB-SSS is making an earlier start in the reduction of the Giovannini barriers.
   - Banks participating in NBB-SSS are already 80% T2S-compliant by the end of 2014.

3. NBB-SSS’s upgrade is largely independent from the timing of T2S as well as the choice of migration wave. This again lowers our operational risk.
2.3. Phase 1 overview

For the first phase, NBB-SSS migrates to a completely new CSD-SSS software which comprises many new T2S-compliant features. After a detailed selection process via a public tender, the software from a company called Montran\(^2\) was chosen.

The development of this new platform, called RAMSES, is executed in 2013-2014. The testing period with the participants is scheduled from Q1 to Q4 2014.

The software migration is planned for Q4 2014\(^3\), so NBB-SSS participants have to be ready by then.

As mentioned earlier, many brand-new and T2S compliant features will appear in the new IT system:
- Hold & Release;
- Partial settlement;
- Market claims and transformations;
- Use of BIC-11 as identifier;
- T2S securities account structure;
- Allegements;
- Linked instructions;
- New STP Messages will be available in ISO 20022 format although communication in ISO 15022 remains possible;
- The current matching rules will be altered to the T2S matching rules;
- All daytime settlement will be made in near real-time;
- The daily schedule will be altered, with a separate cut-off time for DVP and FOP transactions;
- The current recycling rules will be altered to the T2S recycling rules;
- Foreign currency assets settled in Euro are introduced into NBB-SSS.

Besides the appearance of those new features, NBB-SSS keeps some of its specific features and abandons a maximum of its old-system features for the sake of harmonization. Also, the NBB-SSS-specific terminology is replaced by T2S terminology.

Important: in phase 1, cash settlement remains unchanged.

\(^2\) www.montran.com
\(^3\) Go-live implemented on business day 2 February 2015
2.4. Phase 2 overview

The second phase is the actual migration to T2S when NBB-SSS no longer performs matching and settlement in its system. These tasks are then performed on the T2S single platform.

The fact that the T2S harmonization features are implemented all across Europe significantly raises the level of efficiency. NBB-SSS migrates to T2S in the second wave, on Thursday 24 March 2016 for Settlement Day Tuesday 29 March 2016.

![Adaptation to T2S](image)

NBB-SSS migrates in wave 2, together with Euroclear ESES (BE/NL/FR) and Interbolsa (PT):

![Wave composition and timing](image)

It is important to mention some new T2S features:
- Choice of Direct or Indirect participation
- Direct communication with T2S will be in ISO 20022 format or via the T2S GUI;
- Night-time (batch) settlement;
- Real time day settlement;
- Automated cross-border settlement will be possible, because of the activation of links between CSDs;
- Auto-collateralization;
- Cash settlement will be executed on T2S Dedicated Cash Accounts (DCAs);
- Conditional settlement (CoSD);
- Partial settlement also possible for cash.

T2S has issued a T2S Scope defining set of documents.

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4 Friday 25 March 2016 is Good Friday and Monday 28 March 2016 is Easter Monday, both T2S closing days.
5 It is not the intention of NBB-SSS to become an investor CSD.
2.5. Cost implications and pricing

The 2-phase approach does not only imply that the risks are spread, the costs are as well both for the NBB-SSS as for the participants.

We estimate that the 2-phase approach does not cost more for NBB-SSS participants but their budgets will have to be spread over a longer period. Indeed, the participants have to plan resources for developments and testing as from 2012.

In phase 1, most of the current NBB-SSS pricing continues to apply. Nevertheless, the price structure needs to be adapted to take into account the new features already available in phase 1 and changes to the penalties tariffs, see “the Terms and conditions governing the participation in the NBB-SSS version March 2015” on www.nbbsss.be.

The impact of the T2S pricing only applies as from phase 2. At that stage NBB-SSS no longer has full control over the pricing and the current price levels may change. The NBB-SSS Rulebook will be adapted a second time.

We are nevertheless convinced that in the long run the overall cost impact for the participants will not increase as these costs should largely be compensated by the benefits of the earlier availability of the new features and by the harmonization opportunities, which entail efficiency gains and thus cost reductions.
3. Changes from Phase 1

This chapter sets out the T2S compliant features that are introduced in the new software from phase 1 and the NBB-SSS-specific features that will be kept. The chapter 4 on changes from Phase 2 describes the changes introduced at the time of the migration to T2S and those legacy NBB-SSS functionalities that are abandoned at the migration in order to comply with the T2S standards.

3.1. T2S compliant features

NBB-SSS seizes every opportunity to comply with the T2S standards and harmonize its system. In order to do so, a number of changes are introduced as from phase 1. These changes are:

- Identification of NBB-SSS participants through their BIC11 codes;
- T2S Securities Account Number structure;
- New STP Messages;
- T2S matching rules;
- Allegements;
- Linked instructions;
- Hold and release;
- Near real-time settlement (see 5.1.);
- New daily schedule;
- Partial settlement (securities);
- T2S recycling rules;
- Foreign currency assets settled in Euro.

3.1.1. Identification of NBB-SSS participants through their BIC11 codes

Currently, NBB-SSS uses legacy non-standard 4-digit participant numbers to identify its participants. In phase 1, these numbers are no longer used and are replaced by the BIC11 codes. This is not only the case for SWIFT communication but for all NBB-SSS communication.

NBB-SSS only takes into account BIC11 codes that are published by SWIFT.

As an example: instead of "95R::REAG/NBBE/9100" in the sequence E of an MT54*, NBB-SSS will receive "95P::REAG/NBBEBEBB243".

In order to make this technically possible, NBB-SSS updated during the SWIFT Standard Release 2012 (19/11/2012) its Swift MT564, MT566 and MT578 to start as early as possible with the usage of BIC11 to identify participants.


In the equivalence table, if a BIC11 is used more than once, this implies that after the phase 1 migration, the participants referring to the same BIC will merge.
3.1.2. Securities Account Number structure

NBB-SSS’s current securities account structure is not standardized. For the sake of standardization, phase 1 already adopts the T2S securities account number structure. This implies that new account numbers, with up to 35 characters, replace the current 100-8xxxxyy-zz.

CSDs and participants can freely choose the account number provided the following harmonization rules:

- 4 first positions: BIC4 of the CSD, i.e. NBBE;
- Maximum 31 next positions: free.

To ease the migration, the current securities account numbers are converted into the new harmonization in the following way:

- Example: the current format 100802000175 becomes NBBE100802000175.

It is important to note that the account number has to be formatted in the ISO messages exactly like it is stored in the NBB-SSS static data database. Therefore, to ensure T2S harmonization, the use of potential "-" in the account number format is removed. Before phase 1, if the account number stored in the NBB-SSS database is 100802000175, the following format was accepted: 100-8020001-75.

For the sake of user-friendliness in the RAMSES GUI used by operators, the NBB-SSS enables to label an account number with an account name.

Two major changes in the use of accounts as from phase 1:

- Foreign currency assets are allowed on the same account as euro assets;
- More N-accounts are allowed per participant.

In annex 4, the list of all the parameters of a securities account is provided.

3.1.3. STP messages

Participants will continue to be able to send the current ISO 15022 messages. Additionally, NBB-SSS can receive ISO 20022 messages (which is mandatory in phase 2 for communication between NBB-SSS and T2S) from its participants. However, the scope of the ISO 20022 messages is broader than that of the ISO 15022. Hence, some of the newest features will only be available in the ISO 20022 messages.

In phase 2, NBB-SSS will continue to provide ISO 15022 - ISO 20022 conversion services to its participants (cfr. 3.4.2.).

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6 Before phase 1 limited to two: 1 Euro, 1 foreign currency.
7 Upgraded, in order to ensure T2S compatibility.
For a detailed list of messages processed by NBB-SSS (both accepted and generated) in phase 1, see figures 4 to 11.

<table>
<thead>
<tr>
<th>ISO 15022 settlement messages</th>
<th>ISO 20022 settlement messages*</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>MT540</strong> Receive free of payment</td>
<td><strong>sese 023.001.03</strong> Securities Settlement Transaction Instruction FREE, RECE</td>
</tr>
<tr>
<td><strong>MT541</strong> Receive against payment</td>
<td><strong>sese 023.001.03</strong> Securities Settlement Transaction Instruction FREE, RECE</td>
</tr>
<tr>
<td><strong>MT542</strong> Delivery free of payment</td>
<td><strong>sese 023.001.03</strong> Securities Settlement Transaction Instruction FREE, DELI</td>
</tr>
<tr>
<td><strong>MT543</strong> Delivery against payment</td>
<td><strong>sese 023.001.03</strong> Securities Settlement Transaction Instruction APMT, DELI</td>
</tr>
<tr>
<td><strong>MT544</strong> Payment free of delivery</td>
<td><strong>sese 023.001.03</strong> Securities Settlement Transaction Instruction APMT, #=0</td>
</tr>
</tbody>
</table>

* T2S version of the ISO 20022 message.

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**Figure 4:** Instructing messages

**Figure 5:** Confirmation messages
**ISO 15022 settlement messages**

<table>
<thead>
<tr>
<th>MT548</th>
<th>Transaction status advice</th>
</tr>
</thead>
<tbody>
<tr>
<td>MT548</td>
<td>Cancellation request status advice</td>
</tr>
<tr>
<td>MT548</td>
<td>Modification request status advice</td>
</tr>
<tr>
<td>/</td>
<td></td>
</tr>
<tr>
<td>/</td>
<td></td>
</tr>
<tr>
<td>/</td>
<td></td>
</tr>
<tr>
<td>MT548</td>
<td>Message rejection</td>
</tr>
</tbody>
</table>

**ISO 20022 settlement messages***

| sese 024.001.03 | Securities Settlement Transaction Status Advice          |
| sese 027.001.03 | Securities Transaction Cancellation Request Status Advice |
| sese 031.001.03 | Securities Settlement Condition Modification Status Advice |
| sese 021.001.03 | Securities Transaction Status Query                      |
| semt 022.001.01 | Securities Transaction Audit Report                      |
| sese 022.001.03 | Securities Status or Statement Query Status Advice       |
| semt 001.001.02 | Securities Message Rejection                             |

---

**Figure 6: Acknowledgement messages**

**ISO 15022 settlement messages**

| MT578 | Settlement allegation notification |
| /     |                                     |

**ISO 20022 settlement messages***

| sese 028.001.01 | Securities Settlement Transaction Allegement Notification |
| semt 020.001.03 | Securities Message Cancellation Advice                   |
| sese 029.001.03 | Securities Settlement Allegement Removal Advice          |
| semt 019.001.03 | Securities Settlement Transaction Allegement Report      |

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**Figure 7: Allegement messages**

**ISO 15022 settlement messages**

| MT535 | Statement of holdings   |
| MT536 | Statement of transactions |
| MT537 | Statement of pending transactions** |

**ISO 20022 settlement messages***

| semt 002.001.05 | Custody Statement Of Holdings |
| semt 017.001.03 | Securities Transaction Posting Report |
| semt 018.001.03 | Securities Transaction Pending Report** |

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**Figure 8: Statement messages**

* T2S version of the ISO 20022 message

** See section 5.3
The messages that are labeled as * in the figures above are messages that are not used in NBB-SSS before the start of phase 1. The new features introduced in phase 1 entail the use of these new messages.

As of phase 1, the MT548, the semt.022 and sese.024 (Status Advice) contain, on top of the instruction status, all the instruction details.

As of phase 1, the messages MT548 and semt.001.001 related to the message status are adapted to be T2S compliant: the error codes and labels are based on the tables provided in Annex 4.1 of the T2S UDFS\(^8\). They are composed of a 7 position code and a descriptive label in English.

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\(^8\) UDFS 1.2.1. from page 1274.
The details of the future MT and MX messages are provided in the NBB-SSS SWIFT User Guide\(^9\):
- the starting point is the MT messages;
- it provides for each equivalent MX message the MX field in an NBB-SSS translation table “from MT to MX”;
- for each message, it gives an example both in MT and in MX.

3.1.4. Matching rules

From phase 1 of the migration NBB-SSS will use the future T2S rules for matching instructions in its system.

The following types of instructions can be sent to NBB-SSS:
- DvP (Delivery versus Payment) instructions
- FoP (Free of Payment) instructions
- PFoD (Payment Free of Delivery) instructions
- DwP (Delivery with Payment) instructions

Matching of these instructions is done by comparing the different matching fields. Unlike the legacy NBB-SSS matching rules, T2S matching rules use 3 types of matching fields, each with their implications for the matching process.

<table>
<thead>
<tr>
<th>Mandatory matching field</th>
<th>Both parties have to fill in the respective fields in order to have a matched instruction.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Additional matching field</td>
<td>If one party fills in an additional matching field, its counterparty has to fill in the same data as well, in order to have a matched instruction.</td>
</tr>
</tbody>
</table>
| Optional matching field   | ➢ If one of the two counterparties fills in this field, while the other does not, instructions will match.  
➢ If both counterparties fill in this field, they have to fill in the same data for the instructions to match. |

Figure 12: The 3 types of matching fields

NBB-SSS continues to accept already matched instructions (currently only FoP between securities accounts of the same participant). From phase 1 NBB-SSS extends the processing of already matched instructions by improving the facilities offered to Central Counterparties (CCPs). Power of Attorney (PoA) at account level is introduced: MT541 or MT543 with the 25D:MTCH/MACH at the end of the sequence TRADDET will be accepted and processed.

For instructions sent by two counterparties to match, the values of the different fields, when filled in (except for optional matching fields which can match against empty fields), have to be identical or sometimes opposed to each other.

However, with respect to settlement amounts (cash), tolerances levels are set. Deviations in the instructed amounts smaller than € 25 are admitted (as in legacy NBB-SSS) and € 2 variations for settlement amounts smaller than € 100,000.

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\(^9\) NBB-SSS SWIFT User Guide: See our SharePoint team site (for NBB-SSS participants only).
If more than one potentially matching Settlement Instruction is found by the system, it chooses the one with the smallest difference in settlement amount. If multiple potentially matching Settlement Instructions have the same settlement amount, the system chooses the instruction with the closest entry time.

In case the system matches settlement instructions with a difference in the settlement amount, the settlement amount of the delivering party of the securities is used for settlement.

Figure 13 gives an overview of the different matching fields and to which matching field type they belong.

Figure 13: Exhaustive list of matching fields in NBB-SSS’s phase 1

(1) Be aware that today, for FOP transactions with matching – in legacy NBB-SSS known as instruction type 21 - the trade date is not considered as a matching criterion by NBB-SSS. Since this is different from phase 1, it could imply that it is necessary to review your process to ensure that your instructions are always sent with the same trade date as your counterparty’s.

(2) In phase 1, like in legacy NBB-SSS, the CSD of the counterparty will always be NBBEBEBB216, since the cross-border T2S functionality is not yet activated. In phase 2, the participant’s CSD will also become a matching criterion.

(3) If ‘Y’, no market claims generation or transformation, otherwise ‘ ‘: ‘N’ does not exist in the ISO standard.

(4) It is expected that, since NBB-SSS only settles in nominal, this field will always mention ‘CUM’, resulting in the non-consideration of this field in NBB-SSS’s processes (i.e. withholding taxes). The NBB-SSS recommends to avoid the usage of this field.

(5) NBB-SSS recommends usage of BIC to identify the client in the light of cross-border settlement in T2S as of phase 2.

Since NBB-SSS will no longer match on the instruction type, the participants are advised to provide a common trade reference or one of the other optional matching fields in their instructions, in order to avoid cross-matching issues.

After arrival of the first instruction, the NBB-SSS provides the MITI (Market Infrastructure Transaction Identification). On arrival of the second, matching, instruction, the second instruction receives the same MITI. When moving to phase 2, for the Participants working with MX messages, the MktInfrstrctrTxId will contain the T2S reference of the instruction and the T2S matching reference will be available in the field <RltdTxId>. 
But in order to be transparent for the Participants still using the MT messages, the field PCTI will contain the T2S reference and the field MITI will contain the matching reference provided by T2S. In phase 2 the NBB-SSS fully outsources matching and settlement to T2S. Settlement Finality 2 ("moment of irrevocability") is reached when the matched status is given by T2S.

3.1.5. Allegements

NBB-SSS continues to offer participants the full service of allegation.

- NEWM to announce that NBB-SSS has not been able to match an instruction of one of your counterparties;
- REMO to close the allegation: the instruction is matched;
- CANC if either the counterparty or the NBB-SSS system has cancelled the previously alleged instruction.

As the information contained in the MT548 and sese.024 (status advice) is aligned with T2S\textsuperscript{10}, the NBB-SSS highly recommends to opt for this service.

In the current legacy NBB-SSS the new allegations are sent in real-time without any delay after the first matching attempt.

In view of T2S harmonization this will be adapted in phase 1 by introducing two delays:

- Allegement period of 1 hour after the first unsuccessful matching attempt;
- Allegement period of 5 hours before the cut-off time on the intended settlement date ISD, thus at 13:00 at the latest.

\textbf{Figure 14: Delay for allegations}

\textsuperscript{10} Reason for non matching will not be provided anymore.
Examples:

Case 1: The instruction has an ISD in 5 days.
In legacy NBB-SSS, NBB-SSS immediately sends you the allegement: it leaves you no time to send the matching instruction.
From phase 1, the system waits 1 hour after the first matching attempt, before sending the allegement.

Case 2: The instruction has an ISD equal to today and is received at 12:30.
In legacy NBB-SSS, NBB-SSS immediately sends you the allegement: it leaves you no time to send the matching instruction.
From phase 1, the system sends the allegement at 13:00.

Case 3: The instruction has an ISD equal to today and is received at 14:30.
In legacy NBB-SSS, NBB-SSS immediately sends you the allegement.
From phase 1, the system sends the allegement immediately.

In phase 2 the NBB-SSS will send you the allegements as soon as it receives it from T2S.

3.1.6. Linked instructions

NBB-SSS implements the use of T2S-compliant linked instructions. This connection between two or more transactions has to be mentioned in the instructions sent by the participants. There are 3 possible types of links between transactions:

```
Transaction A WITH Transaction B
Transaction A BEFO Transaction B
Transaction A AFTE Transaction B
```

Figure 15: All the possible links between transactions

When a number of transactions indicate a common POOL reference, they are automatically linked together (this has the same result as multilateral 'WITH' links).

Linked instructions (also via POOL reference) are never eligible for partial settlement.

In phase 1, as provided for in ISO 20022 (T2S), NBB-SSS significantly extends the processing of the LINKage section of messages in ISO 15022 in order to enable these links.

To accommodate with divergent market practices, it is possible in MT messages to use both PREV and RELA to establish links between instructions. In all cases, the instruction to link with (except for INFO links) must exist in the system.

To Unlink instructions, the following options are available:

- via the GUI.
- via MX message (sese.030 - Securities Settlement Condition Modification Request).
- the MT530 will not be implemented.
3.1.7. Hold & release

Every instruction sent by an NBB-SSS participant can be held back for settlement (= put “on hold”) once it is matched. This can happen either on instruction of one of the instructing parties (“Party Hold”) or on instruction of the CSD (“CSD Hold”). So for each transaction 3 parties (the CSD and the 2 counterparties) can prevent the transaction from settling immediately. For linked instructions, the number of involved parties that are able to hold back a transaction can multiply.

An instruction has to be fully released by all parties (participants or CSD) who held it back before it can settle. If, for instance, one party releases the transaction, but the CSD does not, the transaction will still be “on hold”.

This hold & release can technically be instructed by means of the “pre-advice” feature (PREA/NEWM in 15022).

To hold: use PREA in sequence A of field 23G.

As in T2S, the NBB-SSS has implemented the option to configure at account level the possibility to put all the instructions related to this account “on hold”. This includes the payment of corporate actions. It is therefore recommended to use this functionality with all the requested precaution.

---

3.1.8. NBB-SSS phase 1 Settlement Day schedule

During phase 1, NBB-SSS will not offer nighttime settlement but offers near realtime settlement during the daytime window. From phase 2, the NBB-SSS will fully implement the T2S Settlement Day schedule (see 4.1.2.).

This NBB-SSS phase 1 daytime Settlement Day comprises:
- a DVP window from 06:30 to 16:00\(^\text{11}\).
- a ’late same day DVP instructions’ window with penalty (from 16:00 to the DVP cut-off time of 16:15).
- a FOP window from 06:30 to 18:00.

It is important to note that NBB-SSS no longer triggers the cut-off time manually but that the cut-off time are triggered automatically based on the standard schedule of the day. This implies that, in principle, NBB-SSS can no longer take exceptional requests for delaying the final settlement into consideration.

NBB-SSS adapts the End Of Day reporting to the new schedule of the day, hence MT535/semt.002 and MT536/semt.007 will be sent at 18:00\(^\text{12}\).

The NBB-SSS will add at account level two parameters to provide the participant with an End Of Day advanced reporting:
- Statement of accounts EOD only: Yes/No
- Statement of Transactions EOD only: Yes/no

Those parameters will have the following impact:

<table>
<thead>
<tr>
<th>Parameter</th>
<th>Set to Yes</th>
<th>Set to No</th>
</tr>
</thead>
<tbody>
<tr>
<td>After DVP window</td>
<td>no reporting is sent</td>
<td>the statement is sent with 22F::SFRE/DAIL and 22F::CODE/COMP</td>
</tr>
<tr>
<td>At End Of Day</td>
<td>the statement is sent with 22F::SFRE/DAIL and 22F::CODE/COMP</td>
<td>if FOP transactions have been settled a new statement is sent with 22F::SFRE/DAIL and 22F::CODE/DELT</td>
</tr>
</tbody>
</table>

So, for the accounts which are not used after the DVP windows, the participants can already receive their reporting and begin their internal processing.

\(^{11}\) Standing orders from TARGET2 for DLNS available at 06:30. Liquidity transfers from TARGET2 available from 07:00.

\(^{12}\) Legacy NBB-SSS: at 16:30 for the MT536 and 17:30 for the MT535.
3.1.9. Partial settlement

During the Settlement Day in phase 1, three partial settlement windows are foreseen:
- from 07:00 to 07:15 (not in phase 2 when T2S offers 1 partial settlement sequence in Night-Time settlement).
- from 14:00 to 14:15.
- from 15:45 to 16:00.

In phase 2, T2S will take over the scheduling of the partial settlement.

Settlement Instructions are by default eligible for partial settlement. In phase 1, NBB-SSS only implements partial settlement in Quantity (in nominal) and not in cash. From phase 2 also the partial settlement threshold criterion for cash will apply.

The participant can avoid eligibility for partial settlement by flagging in the SWIFT message: 22F: STCO/NPAR.

The participant can amend this flag during the life cycle of an instruction:
- via the GUI.
- via MX message (sese.030 - Securities Settlement Condition Modification Request).
- the MT530 will not be adapted.

The eligibility by default on the instruction level (if instruction has an empty partialling field) can be countered at the securities account level, since it will be possible to reverse the default logic thanks to a parameter in the static data, resulting in the non-application of partial settlement by default. This service will in phase 2 only be available for ICP.

<table>
<thead>
<tr>
<th>Value in the field 22F:STCO (MT) or &lt;PrtlSttlmInd&gt; (MX)</th>
<th>Default value is empty in the securities account static data</th>
<th>Default value is &quot;NPAR&quot; in the securities account static data</th>
<th>Default value is &quot;PART&quot; in the securities account static data</th>
</tr>
</thead>
<tbody>
<tr>
<td>Empty</td>
<td>Partial settlement will be triggered.</td>
<td>The instruction shall be enriched with NPAR when entering in the system and no partial settlement will apply</td>
<td>The instruction shall be enriched with &quot;PART&quot; and partial settlement will be triggered.</td>
</tr>
<tr>
<td>&quot;NPAR&quot;</td>
<td>No partial settlement will apply</td>
<td>No partial settlement will apply</td>
<td>No partial settlement will apply</td>
</tr>
<tr>
<td>MT/MX:&quot;PART&quot;/&quot;PARC&quot;/&quot;PARQ&quot;</td>
<td>Partial settlement will be triggered.</td>
<td>Partial settlement will be triggered.</td>
<td>Partial settlement will be triggered.</td>
</tr>
</tbody>
</table>

Thresholds:
If both instructions mention 'PARQ', this means that partial settlement is executed following the threshold quantity defined by the asset's minimum and multiple amounts. Since this threshold can be as low as € 0,01, this may result in a huge number of settlement instructions.

In all other partial settlement definition combinations (PART-PART/ PARC-PARC / PART-PARQ / PARC-PARQ/ ' '-PARQ / ' '-PARC / ' '-PART ) the 'cash'-threshold has to be respected. T2S defines the cash threshold for securities quoted in nominal amount to be € 100,000,00. In these cases the minimum partially settled amount is the maximum amount of € 100,000,00 and the asset's minimum/multiple amount (depending on the partial settlement trial).
<table>
<thead>
<tr>
<th>Code</th>
<th>Label</th>
<th>Threshold Partial settlement attempt 1</th>
<th>Threshold Partial settlement attempt &gt; 1</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Situation 1:</strong> NPAR – any other code</td>
<td>PartialNotAllowed</td>
<td>not applicable</td>
<td>Not applicable</td>
</tr>
<tr>
<td><strong>Situation 2:</strong> PART-PART/ PARC-PARC/ PART-PARQ/ PART-PARQ/ ‘-PARQ / ‘-PARC / ‘-PART</td>
<td>PartialSettlementCas \nThresholdAllowed</td>
<td>€ 100.000,00 or security minimum amount if this exceeds € 100.000,00</td>
<td>€ 100.000,00 or security multiple amount if this exceeds € 100.000,00</td>
</tr>
<tr>
<td><strong>Situation 3:</strong> PARQ/PARQ</td>
<td>PartialSettlement QuantityThresholdAllowed</td>
<td>security minimum amount</td>
<td>Security multiple amount</td>
</tr>
</tbody>
</table>

The cash part settled will be in proportion of the nominal settled. The remainder of the partially settled instruction can settle completely during the rest of the settlement day, or partially during the next partial settlement windows.

The following instructions are never eligible for partialling: linked instructions and instructions "on hold".
Situation 1: no partialling

Part A: 8 AM
Part B: 2 PM

Paying 1 ABC portfolio

€200,000

Paying 2 ABC portfolio

€200,000

Paying 3 ABC portfolio

€200,000

Situation 2: Cash partialling

Part A: 8 AM
Part B: 2 PM

Paying 1 ABC portfolio

€200,000

Paying 2 ABC portfolio

€200,000

Paying 3 ABC portfolio

€100,000

Situation 3: PARQ/PARQ

Part A: 8 AM
Part B: 2 PM

Paying 1 ABC portfolio

€200,000

Paying 2 ABC portfolio

€200,000

Paying 3 ABC portfolio

€100,000

Notes:
- "*: first partial settlement must respect the minimum and multiple amount of the lesser - subsequent partials the multiple amount only"
3.1.10. Recycling rules

3.1.10.1. T2S recycling rules

NBB-SSS adopts the standard T2S recycling rules from phase 1:

- unmatched instructions will be recycled for 20 business days starting from the initial settlement date, after which they will be cancelled. This recycling will even occur in the event of a corporate action, but at maturity of the traded security its instructions will be cancelled.
- an unmatched cancellation will be recycled for 20 business days starting the date of entry into the system. At maturity of the underlying security, it will be cancelled.
- matched instructions continue to be recycled until a business rule is violated, i.e. the security reaches maturity.

3.1.10.2. Deviation from T2S recycling rules

NBB-SSS enables participants to set up at account level two parameters to deviate from the T2S standard recycling rules, i.e. be more strict. The two parameters shall be specified in number of days:

- The first one instructs NBB-SSS to cancel unmatched instructions/cancellations earlier than 20 business days after ISD/date of entry.
- The second one instructs NBB-SSS to cancel matched instructions after a number of days starting from the intended settlement date.

For both parameters, the following rules apply:

- If it is left blank, the default T2S recycling rules apply;
- If it is set to 0 (zero), the instruction is cancelled at End Of Day of the ISD or at End Of Day of the instruction date if the participant has instructed with ISD in the past.

Unlike NBB-SSS legacy, NBB-SSS from phase 1 does not cancel a transaction but only an instruction. For the transaction to be cancelled, both parties need to cancel their instruction.

Both for DVP instructions and for FOP instructions, the cancellation instruction is generated during the End Of Day procedure:

- if the underlying instruction is unmatched, it shall trigger immediate cancellation in the next SOD procedure
- if the underlying instruction is matched and the cancellation instruction is matched before the End Of Day, it will trigger the cancellation of the underlying instruction. If the cancellation instruction stays unmatched, the cancellation instruction will stay pending. In any case, at the end of the standard period, the instruction will be cancelled.

3.1.11. Foreign currency assets settled in Euro

In legacy NBB-SSS, foreign currency assets can only be settled FOP.

From phase 1, NBB-SSS allows foreign currency assets settle DVP in NBB-SSS, provided that the cash leg is in Euro. As from phase 2, the cash leg will be accepted in all T2S cash currencies. T2S allows all non-T2S cash currencies as non-settlement currencies including the euro legacy currencies e.g. the Belgian franc.¹³

NBB-SSS drops the mandatory segregation of accounts for holding foreign securities.

¹³ In T2S the NBBSSS will still maintain the static data of 2 running ISINs in BEF and 1 in FRF.
The NBB-SSS has proposed an update of the Royal Decree 14 June 1994 in order to completely remove the restrictions on participants that are allowed to hold foreign securities. This update has been implemented with the Royal decree of 25 September 2014 and all NBB-SSS participants can now hold foreign securities on their accounts.

The Royal Decree of 25 September 2014 also impacts:
- the choice of the exchange rate used to calculate the withholding taxes: currently, it is the exchange rate one of ISD – 2, it is ISD – 1 from 1 July 2015.
- the “blocking” of holdings at participant level before a corporate action to enable the paying agent preparing and instructing the related payments correctly. Currently, the restriction applies for the period of two business days before the calculation date. That period covers one business day from 1 July 2015 onwards.

3.1.12. Prioritization

The concept of prioritization is described in Chapter 6 on Settlement.

3.2. NBB-SSS specific features

3.2.1. X/N system

The X/N system is NBB-SSS’ most specific feature. Because it serves the legal specificities of the Belgian market, it continues to exist in phase 1 and in phase 2 (as Market Specific Attribute). Hence, securities accounts remain segregated between X (exempted) and N (non-exempted) accounts. The legacy controls on this system, performed by NBB-SSS, will be maintained. Phase 1 introduces the feature to segregate multiple N-accounts in NBB-SSS.

During the Settlement Day, the system puts on “CSD Hold” all new matched instructions including corporate actions involving an N account and with an original Intended Settlement Date (ISD) equal to or lower than the current business date. During the End Of Day procedure, the system will put on “CSD Hold” all matched instructions including corporate actions involving an N account and with an original ISD equal to the next business date.

The system generates for all the above-mentioned “CSD Hold” instructions a new Dedicated Withholding Tax Transaction (DWTT) which is a Payment Free of Delivery (PFOD) to ensure the collection or refunding of withholding tax. The withholding tax messages are linked to the original transaction messages (“WITH”). After the creation of the DWTT, the original N instruction is released from “CSD Hold” by the NBB-SSS. The Link WITH in the DWTT ensures that both transactions are settled together. After settlement of both transactions, the participant will receive the MT545 (for collection) or MT547 (for refunding).

The CUM/EX indicator is not taken into account, because this is only applicable to units (i.e. equities), not to nominal. All the instructions are settled CUM. The NBB-SSS also implements a mechanism avoiding the creation of a DWTT if the securities movement relates to a FOP without transfer of ownership. This mechanism will be usable at the discretion of the participants.

Linking the DWTT instruction to instructions sent by the participants can cause side-effects:
- no partialling possible (as this is not allowed on linked instructions);
- two FOP instructions can encounter the limitations of the DVP cut-off (as DWTT is a cash instruction);
- The participants have to take into account the extra time required for generating the DWTT instructions when they want to settle their transaction at the “last minute”.

The main difference from phase 1 onwards compared to the legacy NBB-SSS is that in legacy NBB-SSS the participants send their instructions with a gross cash amount and the NBB-SSS settles the net amount. From phase 1 the transaction settles gross and another transaction is created for the withholding tax.
Legacy NBB-SSS:

<table>
<thead>
<tr>
<th>Code</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>MT541</td>
<td>20C::SEME//ABC</td>
</tr>
<tr>
<td></td>
<td>19A::SETT//EUR105380,49</td>
</tr>
<tr>
<td>MT545</td>
<td>20C::RELA//ABC</td>
</tr>
<tr>
<td></td>
<td>19A::ESTT//EUR105380,49</td>
</tr>
<tr>
<td></td>
<td>19A::ACRU//EUR3270,49</td>
</tr>
<tr>
<td></td>
<td>19A::LOCL//EUR686,80</td>
</tr>
<tr>
<td>Cash movement</td>
<td>Debit DLNS:EUR104693,69</td>
</tr>
</tbody>
</table>

MT543:

<table>
<thead>
<tr>
<th>Code</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>20C::SEME//DEF</td>
</tr>
<tr>
<td></td>
<td>19A::SETT//EUR105380,49</td>
</tr>
<tr>
<td>MT547</td>
<td>20C::RELA//DEF</td>
</tr>
<tr>
<td></td>
<td>19A::ESTT//EUR105380,49</td>
</tr>
<tr>
<td></td>
<td>19A::ACRU//EUR3270,49</td>
</tr>
<tr>
<td></td>
<td>19A::LOCL//NEUR686,80</td>
</tr>
<tr>
<td>Cash movement</td>
<td>Credit DLNS:EUR104693,69</td>
</tr>
</tbody>
</table>

MT541:

<table>
<thead>
<tr>
<th>Code</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>20C::SEME//ABC</td>
</tr>
<tr>
<td></td>
<td>19A::SETT//EUR105380,49</td>
</tr>
</tbody>
</table>

MT548:

<table>
<thead>
<tr>
<th>Code</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>20C::PCTI//XYZ</td>
</tr>
<tr>
<td></td>
<td>19A::ESTT//EUR105380,49</td>
</tr>
<tr>
<td></td>
<td>19A::ACRU//NEUR3270,49</td>
</tr>
<tr>
<td></td>
<td>19A::LOCL//EUR686,80</td>
</tr>
<tr>
<td>Cash movement</td>
<td>Debit DLNS:EUR105380,49</td>
</tr>
</tbody>
</table>

MT545:

<table>
<thead>
<tr>
<th>Code</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>20C::RELA//ABC</td>
</tr>
<tr>
<td></td>
<td>20C::PCTI//XYZ</td>
</tr>
<tr>
<td></td>
<td>19A::ESTT//EUR105380,49</td>
</tr>
</tbody>
</table>

Cash movement

<table>
<thead>
<tr>
<th>Code</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>14 PCTI contains the account servicer transaction ID. This information is provided in all MT548 and MT544 - 547.</td>
</tr>
</tbody>
</table>

More information on the DWTT can be found in Annex 1. For the reconciliation of the DWTT instruction with the original instruction, see SWIFT User Guide MT/MX Appendix 5.

A comparison of the messaging of NBB-SSS today, with future mode (both MT and MX) can be found in annex 6.
3.2.2. New NBB-SSS GUI

As a result of the acquisition of new software by NBB-SSS, the graphical user interface (GUI) will be renewed and expanded with new features in phase 1.

The legacy NBB-SSS GUI, called WIROW, is built up by 3 modules: WIROW Securities, WIROW Cash and WIROW Collateral. Only the WIROW securities module will be replaced by the new web-based RAMSES GUI. The other WIROW modules are not operated by NBB-SSS and will remain operational. Participants will thus need to use 2 GUI applications, i.e. the new securities RAMSES GUI and WIROW for cash and collateral. From phase 2 onwards, cash balances need to be consulted through the T2S GUI (Cash DCP) or the value added services in the TARGET2 ICM, i.e. Information and Controle Module GUI.

The RAMSES GUI allows the follow-up of instructions and securities portfolios and other relevant information and enables manual input of instructions by the participants.

Supported browsers for the RAMSES GUI:
- Google Chrome (from version 15) (recommended).
- Internet Explorer (from version 8).
- Mozilla Firefox (from version 10).

Recommended screen resolution: 1600 x 900 (to avoid horizontal scrolling). RAMSES needs Java 7, update 45 or 51 to function. This enables to set the security level of the signing applet to "high". If your institution does not yet support those updates, you can lower the security level to "Medium". However, in such case, there is no guarantee that the behaviour of the application will be optimal.

This manual instruction input via the RAMSES GUI requires strict security measures based on certificates which are stored on dedicated USB-sticks (type SafeNet 5100) and a mandatory connectivity via a VPN (Virtual Private Network). Technical details are available on the NBB-SSS T2S SharePoint website.

The four-eyes approach is implemented. The following profiles are:
- Role 1: view only access.
- Role 2: view + add instructions only (no approval).
- Role 3: view + approve (validate) instructions
- Role 4: view + add + approve instructions (but not same user for same instruction).

These privileges are set in the individual user profiles and centrally managed by the NBB-SSS. Digital signatures are enforced both for the creator of each instruction and for the approver of the instruction.

Subscription to the RAMSES GUI is mandatory. All the information available in the RAMSES GUI is realtime information. The export function will allow users to retrieve any information available in the RAMSES GUI in Excel or pdf-format.

As the mandatory RAMSES GUI allows participants to enter instructions manually, the NBB-SSS will after a transition period of 6 months from phase 1 discontinue entering instructions on behalf which currently participants can request by secured e-mail except as a contingency measure. These instructions on behalf are charged at 50 EUR per instruction.

---

15 Dedicated cash accounts (DLNS) remain to be consulted through WIROW
16 WIROW Securities is refreshed every 10 minutes
17 NBB-SSS Rulebook version March 2015
3.2.3. Cash accounts - liquidity provision (DLNS)

**Phase 1:**

In legacy NBB-SSS, at the start of the Settlement Day, all participants transfer liquidity from their TARGET2 accounts to their accounts in the current accounts application of the NBB (RECOUR). Those specific liquidity transfers, also called Dedicated Liquidity for NBB-SSS or DLNS, allow the settlement of DVP transactions during the NBB-SSS Settlement Day. At the End Of Day, the specific liquidity on the RECOUR accounts is transferred (“sweep”) automatically back to the TARGET2 accounts.

The MT900/910 and MT940/950 and paper account statements are updated to incorporate the BIC11 of the NBB-SSS party which is at the origin of the cash movement.

<table>
<thead>
<tr>
<th>Messages</th>
<th>Adaptation</th>
</tr>
</thead>
<tbody>
<tr>
<td>MT900/910</td>
<td>DLNS</td>
</tr>
<tr>
<td></td>
<td>Field 72 after the current codewords REC/NLIC</td>
</tr>
<tr>
<td></td>
<td>Example: 72:/REC/NLIC/ABCDEFGHIJK where ABCDEFGHIJK is the NBB-SSS party BIC11 at the origin of the debit or credit</td>
</tr>
<tr>
<td>Settlement</td>
<td>Field 72 after the new codeword PARTY</td>
</tr>
<tr>
<td></td>
<td>Example: 72:/PARTY/ABCDEFGHIJK where ABCDEFGHIJK is the NBB-SSS party BIC11 at the origin of the debit or credit</td>
</tr>
</tbody>
</table>

| MT940/950  | DLNS                                                                                                                                     |
|            | Field 61 sub-field 9, after “LIQUIDITY TRANSFER”, separated by “/”                                                                        |
|            | Example of sub-field 9: LIQUIDITY TRANSFER/ABCDEFGHIJK where ABCDEFGHIJK is the NBB-SSS party BIC11 at the origin of the debit or credit    |
| Settlement | Field 61 sub-field 9, after the current 16 digit Client Reference, separated by “/”                                                        |
|            | Example of sub-field 9: ABC12345678/ABCDEFGHIJK where ABC12345678 is the current 16 digit Client Reference and ABCDEFGHIJK is the NBB-SSS party BIC11 at the origin of the debit or credit |

For the convenience of the participants and to avoid any impact in their internal processing, the legacy NBB-SSS identification remains available as a label.

The legacy DLNS procedure remains operational in phase 1. The RAMSES GUI provides a view on cash. This view takes all impacts from NBB-SSS instructions on cash into account but is not the realtime mirror of the DLNS positions on the RECOUR accounts.

**Phase 2:**

From phase 2 onwards, cash settlement is executed on Dedicated Cash Accounts (DCA) on the T2S platform and the usage of DLNS on RECOUR accounts is discontinued.

As DCA accounts can be linked to an RTGS account held at another Central Bank, the NBB-SSS is not able to provide any uniform cash reporting like in phase 1. Participants should contact their correspondent settlement bank to ensure continuity of services (provision of liquidity, reporting, etc.).

The NBB-SSS can set up four types of DCA per securities accounts:

- One for the normal DVP transactions. It shall be configured as the standard DCA account of the securities account in T2S.
- One for the payments of the corporate actions
- One for all the debit/credit of the Market Claims.
- One for the paying agent to enable the debit related to corporate actions.

More info in Chapter 4 section “DCA and liquidity management”. 
3.3. Abandoned features from phase 1 onwards

In order to be T2S-compliant, some NBB-SSS-specific features need to be abandoned. Some of them will be replaced by standardized alternatives, others will not because they have become obsolete.

3.3.1. Settlement cycles

The logic of the settlement cycles, i.e. which type of transactions settle in which settlement batch, will be abandoned as from phase 1, since NBB-SSS will introduce near realtime settlement (see 3.1.8.).

3.3.2. Sending number

In legacy NBB-SSS, the NBB-SSS ensures that every instruction is unique by checking that its sending number has not yet been used during the trade year specified in the instruction. This implies sending number management by the participant and, if necessary, agreements with third parties (like CCPs) on the use of dedicated slots of sending numbers.

As this concept of sending numbers is not a market standard feature, it will be abandoned and replaced by the validation rules used in T2S. Upon receipt of an instruction the NBB-SSS will check that the reference of the instruction (SEME) is not already used in a settled or cancelled instruction, nor in a pending instruction of the same instructing party within a certain period of time defined in the static data of the NBB-SSS (phase 1) or in T2S (phase 2):
- For 90 days after settlement, for settled instructions.
- For 20 days for unmatched instructions.
- Indefinitely for recycled matched instructions.
The field “70E:SPRO//SEQN/” in the sequence B of the MT54* is ignored.

When the NBB-SSS creates instructions affecting one of your accounts, i.e. in case of corporate actions, market claims, transformations, withholding taxes, primary market operations etc., it uses a reference starting with “NBBE”. It is, therefore, highly recommended to the participants to avoid the usage of instruction reference SEME starting with this prefix.

3.3.3. Unilateral cancellation

From phase 1, the NBB-SSS fully complies with the T2S cancellation rules:

- Unmatched instructions are unilaterally cancellable;
- Matched instructions are ONLY bilaterally cancellable (as long as they are not settled).

The allegement process fully integrates the transmission of the cancellation request to the counterparty. Those allegements are sent via:
- MT548 (field 25D::IPRC//CPRC)
- sese.024 (like in T2S)
to indicate to the counterparty that the NBB-SSS has received a cancellation and it is still pending, due to a missing matching cancellation request.

The legacy NBB-SSS mailing ‘ANNUNI’ is abandoned from phase 1.
3.3.4. Account segregation for foreign currency assets

From phase 1, any NBB-SSS participant has the possibility to hold foreign currency assets. Account segregation for foreign currency assets is no longer mandatory. It is at the participant's discretion to keep the segregation or not. See also chapter 3.1.11.

3.3.5. Notification types

In legacy NBB-SSS, in each instruction sent by a participant, the NBB-SSS notification type (a.k.a. instruction type) has to be provided. These 2-position codes, e.g. 10, 15, 32, 70, enable the NBB-SSS to start the business flow linked to the type of instruction (cfr. field 22F::SETR). As this code is specific to the NBB-SSS, it is abandoned from phase 1. The process of the NBB-SSS will only be based on a sub-set of ISO Types of Settlement Transactions.

As an example: instead of "22F::SETR/NBBE/15XX" in the sequence E of an MT54*, we will expect "22F::SETR/OWNI".

All transaction codes can be used freely but:

- ISSU in combination of NBBEBEBBE216: reserved for paying agents to trigger the issue of an asset
- REDI in combination of NBBEBEBBE216: reserved for paying agents to trigger the redemption of an asset (correction of an issuance)
- MKUP and MKDW in combination with NBBEBEBBTRE: reserved for Primary/Recognised Dealers to trigger the stripping of reconstruction process
- COLI/COLO on same participant accounts triggers pledging for third parties
- CONV in combination of NBBEBEBB216: reserved for Primary/Recognised Dealers to trigger conversion of an old principal into new strips.

3.3.6. Automatic lending

After a thorough feasibility study NBB-SSS decided not to offer this service to its participants any longer from Phase 1.

3.3.7. Reservations

The NBB's Back Office no longer makes reservations on assets in NBB-SSS. These assets will now need to be transferred to accounts of the Back Office in order to be blocked.

Usage of "CNCB" as ISO transaction code is recommended.

3.3.8. Participant number

See 3.1.1
3.3.9. Repo

Repurchase agreements (Repo) is no longer available in NBB-SSS from phase 1.

The NBB-SSS does not generate the second leg of a repo, nor does it provide the retrocession of the coupons towards the seller of the repo. Main cause for abandoning the repo functionality is the risk of cross-matching between a normal buy/sell instruction and a repo instruction due to the new T2S-matching rules.

The legacy NBB-SSS mailing 'Retroc' is abandoned from phase 1.

3.4. T2S features not yet adopted by NBB-SSS in phase 1

Some T2S-compliant features will not be adopted in phase 1 yet, due to technical or other reasons.

3.4.1. Night-time settlement

NBB-SSS will follow the T2S settlement day as far as possible (partial settlement windows, final settlement cycle, EoD\(^{18}\), ...) during the daytime. However, no night-time settlement will be introduced in phase 1. In the second phase, this feature will be offered by T2S and available to NBB-SSS participants, since its settlement engine will operate almost 24 hours a day, see chapter 4.

3.4.2. ISO 20022 obligation

While T2S will basically operate with the new ISO 20022 standards, NBB-SSS does not require its participants to migrate to these new standards immediately. Therefore, as from the start of phase 2, NBB-SSS will offer a conversion mechanism. However, this mechanism will not be kept on permanently. Some new features will also only be accessible in ISO 20022.

In phase 1, NBB-SSS does not offer any conversion of messages, since the participants can communicate with NBB-SSS in ISO 15022 and no messages need to be forwarded because matching and settlement remain in NBB-SSS. Participants that wish to communicate with NBB-SSS in ISO 20022 as from phase 1 can do so.

18 End of Day.
The phase 2 conversion mechanism works as follows:
Being the intermediary between the ICPs and T2S, NBB-SSS can accept ICP messages in ISO 15022 format and convert them to ISO 20022 messages that are then sent to T2S. Conversely, when NBB-SSS receives messages in ISO 20022 format destined for a participant that still operates in ISO 15022, NBB-SSS converts the message into ISO 15022 before forwarding it.

Moreover, NBB-SSS aims at processing both files and messages, both for incoming and outgoing flow.

![Figure 17: ISO conversion in phase 2](image_url)

However, NBB-SSS will encourage the use of ISO 20022 by a later introduction of progressive fee over time for the translation service. It needs to be considered as well that TARGET2 migrates to ISO 20022 from November 2017 onwards.

Settlement Finality 1 (“moment of entry”) is reached when a message has been converted into a valid instruction on T2S.

For instruction reporting purpose, a routing table based on this logic will be established:

<table>
<thead>
<tr>
<th>The participant is a DCP for the NBB-SSS</th>
<th>Instruction is sent to T2S by the NBB-SSS</th>
<th>Instruction is sent directly to T2S by the participant</th>
<th>Instruction is sent to T2S by a third party</th>
<th>Instruction is generated and sent by T2S to the NBB-SSS</th>
</tr>
</thead>
<tbody>
<tr>
<td>The NBB-SSS will send the reporting back to the participant</td>
<td>T2S will send back the reporting to the participant. The NBB-SSS will not.</td>
<td>T2S will send back the reporting to the participant. The NBB-SSS will not.</td>
<td>T2S will send back the reporting to the participant. The NBB-SSS will not.</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>The participant is an ICP</th>
<th>Instruction is sent to T2S by the NBB-SSS</th>
<th>Instruction is sent directly to T2S by the participant</th>
<th>Instruction is sent to T2S by a third party</th>
<th>Instruction is generated and sent by T2S to the NBB-SSS</th>
</tr>
</thead>
<tbody>
<tr>
<td>The NBB-SSS will send the reporting back to the participant</td>
<td>Not applicable</td>
<td>The NBB-SSS will send the reporting back to the participant</td>
<td>The NBB-SSS will send the reporting back to the participant</td>
<td></td>
</tr>
</tbody>
</table>

Statement of Accounts: the NBB-SSS will continue to send them to the DCP if they still require it.
3.4.3. Auto-collateralization

In phase 1, NBB-SSS will not offer auto-collateralization functionalities, but in phase 2 it enables the participants to make use of this feature. The exact auto-collateralization technique will be determined by the NCB of the DCA and settlement will take place according to T2S and NCB rules.

For more information on auto-collateralization, please refer to chapter 4 and to the URD of T2S, page 168.

The NBB-SSS will offer to the participant the possibility to receive or not in real-time all the T2S reporting of the assets positions impacted by the auto-collateralization process on T2S.

3.4.4. Activation of cross-border settlement

Since T2S introduces cross-border settlement, NBB-SSS will open the possibility to investor CSDs to set up cross-CSD links in T2S. In the current situation, this means that NBB-SSS would participate in the establishment of links with Euroclear FR, Clearstream Banking Frankfurt, Monte Titoli, and Six\textsuperscript{19}.

The system will also be updated to ensure that others CSDs (down the chain) are recognized by the NBB-SSS.

3.4.5. Settlement restrictions

In T2S the participant can earmark, block and reserve positions for specific purposes, see chapter 4.5. Settlement restrictions.

\textsuperscript{19} If required by those CSDs.
4. Changes from phase 2

4.1. Daily schedule

4.1.1. T2S Calendar

T2S operates on a single harmonised timeframe for centralised procedures in euro and non-euro central bank money and is in accordance with the market’s request for harmonised post-trade practices in the European Union.

T2S facilitates settlement in:

- Euro Central Bank money for which the calendar is the same as the calendar of TARGET2; and
- Non-euro Central Bank money, according to the calendar for the opening days of the relevant CB.

T2S maintains a T2S Calendar by currency, which includes the opening days and closing days for all T2S Cash Settlement Currencies. During the common closing days for all the T2S Settlement Currencies, T2S is closed and settlement in any of the currencies will not be executed: 1 January, 25 and 26 December.

In general, T2S is open from Monday to Friday every week. Apart from all Saturdays and all Sundays, the following days are the closing days for settlement in euro cash (according to the TARGET2 Calendar): 1 January, 1 May, 25 and 26 December, Easter Friday and Easter Monday.

With regard to currencies other than the euro, T2S is open for settlement against payment aligning to the opening days of the respective CB. When the cash settlement in T2S for one currency is closed (i.e. closing day for this currency only), securities transactions can nevertheless be settled in T2S either through FOP transactions or through transactions against payment denominated in other T2S Settlement Currencies.

4.1.2. T2S Settlement Day Schedule

This section includes a description of the T2S schedule set-up including its usage by all markets in a single Settlement Day in T2S. There is no schedule of a Settlement Day defined per currency in T2S, but some cut-offs are currency dependent.

The updates on the T2S Settlement Day processing are confirmed via “Status of the T2S Settlement Day Notification” message, an entry in the T2S GUI “Daily Schedule” screen and “T2S Diary Response” query response message. These messages are available to the DCP only upon subscription. The RAMSES GUI also provides the T2S Settlement Day status available to ICP (and DCP in ICP mode).

---

20 DKK from 2018 onwards though the Danish RTGS
21 Example: 1 May is not a TARGET2 business day so T2S is closed for instructions with euro cash settlement. T2S is open for DKK as 1 May is a DKK RTGS business day. Therefore, FOP denominated in euro and without a cash leg (no FOP on N-accounts) will be settled.
The schedule of a Settlement Day in T2S constitutes the periods as listed below (all times are CET):

| Start of Day         | 18:45 – 20:00 | ▪ Change of business day  
|                     |               | ▪ Preparation of the night-time settlement  
| Night-time settlement | 20:00 – 3:00  | ▪ First night-time batch settlement cycle  
|                     |               | ▪ Second night-time batch settlement cycle  
|                     | [if end of last night-time settlement cycle before 3:00 AM] | ▪ Real-time settlement process including real-time settlement preparation and real-time settlement  
| Maintenance window  | 3:00 – 5:00   | ▪ System maintenance  
| Real-time settlement | 5:00 – 18:00  | ▪ Real-time settlement process including real-time settlement preparation, real-time settlement and partial settlement windows  
| End of Day          | 18:00 – 18:45 | ▪ End of T2S settlement processing  
|                     |               | ▪ Recycling and purging  
|                     |               | ▪ End Of Day reporting and statements  

|Figure 18: Schedule of Settlement Day|

4.1.3. Start of Day (18:45 – 20:00)

The change of the T2S settlement date defines the start of the new Settlement Day. At that moment T2S revalidates settlement instructions against the static data valid as of the new Settlement Day. During this period, standing liquidity transfers from RTGS are processed.

At the start of a Settlement Day (SOD), T2S moves to the next Settlement Day according to the T2S Calendar. At the end of a Friday Settlement Day (or the last T2S operating day of the week), T2S moves to the next Monday (or the first T2S operating day of next week) as Settlement Day. T2S performs the T2S schedule of a Settlement Day until the end of the night-time settlement period (finishing during the night between Friday and 3:00 CET on Saturday). On Monday at 5:00 CET, T2S begins performing the schedule with the preparation of the real-time settlement as the continuation of the same Settlement Day.

During weekends and T2S Holidays, T2S interfaces and processes are unavailable due to the technical maintenance. Therefore, T2S will not queue the messages. However, the A2A traffic will be queued by the Value Added Network providers until T2S is available again.

During this SOD period no settlement occurs. This period is used by the T2S Actors to prepare for NTS e.g. corporate actions processing. Settlement Instructions for processing in the NTS can already be submitted.
4.1.4. Night-Time Settlement (20:00 – 03:00)

During the Night-Time Settlement (NTS) window mainly settlement instructions that were instructed on previous Settlement Days with an Intended Settlement Day that corresponds with the current settlement date are processed in batch. At the start of the NTS, corporate actions are processed. During the NTS, T2S processes the settlement instructions, settlement restrictions and liquidity transfers in two settlement cycles, according to an automatic pre-defined order called "sequence". A Settlement Cycle consists of more than one sequence (for settlement of different types of settlement instructions, settlement restrictions and liquidity transfers).

Queries relating to securities positions and balances received and validated during a settlement sequence are processed by the T2S with a query response back to the relevant T2S Actor (excl. ICPs) after completion of the sequence. All other queries are processed immediately.

At the end of each NTS sequence, T2S generates full or delta reports as per report configuration setup of the relevant T2S Actors (excl. ICPs).

T2S sends messages once the processing of a sequence is complete such as the settlement status advices, settlement confirmation, posting notification, etc. that were queued during the execution of the settlement sequence.

During NTS, T2S performs the processes in two different settlement cycles as mentioned in the figure below.

![Figure 19: T2S Settlement cycles](image)

Generally, T2S NTS sequences perform the same activities; however, certain sequences in the T2S NTS are dedicated to specific activities, processing specific set of messages, for example:

Sequence 0 is dedicated to cash i.e. inbound liquidity transfers and internal liquidity transfers and other cash settlement restrictions. T2S reattempts the inbound liquidity transfers and cash settlement restrictions in subsequent sequence in case it is unable to process in sequence 0.

Sequence 1 performs settlement of instructions related to Corporate Actions (CA) on stock before attempting settlement of non-CA related instructions.
Sequence X performs partial settlement in addition to regular activities. T2S applies partial settlement to all fails due to lack of securities or cash which are eligible for submission to partial settlement processing.

Sequence Y processes reimbursements for “multiple liquidity providers”. This reimbursement procedure involves the execution of a series of outbound liquidity transfers from a T2S DCA (of a payment/settlement bank in T2S) to RTGS accounts in accordance to a pre-set sequence of reimbursement.

4.1.5. Maintenance Window (03:00 – 05:00)

The MWI takes place from 03:00 until 05:00 after the completion of the NTS period. During the maintenance window all T2S processes are unavailable, except for the T2S interface application process. The interface application process starts the queuing of all requests received in A2A mode. This is followed by a technical validation (i.e. format validation) of the incoming A2A messages (or files) and a related system acknowledgement, which is only performed on weekdays. Consequently, no technical validation is performed on A2A messages during the MWI during the weekends. U2A traffic will not be queued during the maintenance window as the T2S processes are not available.

4.1.6. Real-Time Settlement (05:00 – 18:00)

In case NTS completes before 03:00, Real-Time Settlement begins before the start of the Maintenance window (MWI) at 03:00. The RTS starts after the end of the NTS and is followed by the EOD. T2S identifies and processes static data maintenance instructions received in the A2A mode. T2S identifies new settlement instructions, maintenance instructions and liquidity transfers available for the current Settlement Day. T2S identifies all settlement and maintenance instructions which were not settled/executed during NTS period and are recycled for RTS. The recycling takes place after the revalidation of the settlement instructions and settlement restrictions affected by a static data change.

RTS attempts to process all new settlement instructions, maintenance instructions and liquidity transfers newly received intraday in T2S and all previous unsettled settlement instructions after the arrival of new resources (securities, cash or both).

T2S also performs the execution of static data maintenance instructions. In addition, T2S performs revalidation of all settlement instructions and all settlement restrictions affected by static data updates including generation of reports triggered by business or time events.

The RTS includes also two partial settlement windows (for euro)\(^{22}\):

- 14:00–14:15
- 15:45–16:00

During the partial settlement windows, T2S takes care of partial settlement of new settlement instructions arriving into T2S in this period eligible for partial settlement and settlement of previously unprocessed or partially processed settlement instructions eligible for partial settlement.

\(^{22}\) As in phase 1 of the NBB-SSS RAMSES project.
The Real Time Settlement closure process starts after the completion of the second partial settlement window. It does not start before 16:00. The following processes for euro are executed sequentially:

<table>
<thead>
<tr>
<th>Time (CET)</th>
<th>T2S Settlement Day events/ processes</th>
</tr>
</thead>
<tbody>
<tr>
<td>16:00</td>
<td>DVP cut-off [23]</td>
</tr>
<tr>
<td>16:00</td>
<td>Cash restriction cut-off</td>
</tr>
<tr>
<td>16:30</td>
<td>Automatic reimbursement</td>
</tr>
<tr>
<td>16:30</td>
<td>Release of unused cash restriction</td>
</tr>
<tr>
<td>17:40</td>
<td>Bilaterally Agreed Treasury Management (BATM) cut-off</td>
</tr>
<tr>
<td>17:45</td>
<td>Central Bank Operation (CBO) cut-off</td>
</tr>
<tr>
<td>17:45</td>
<td>Inbound liquidity transfers cut-off</td>
</tr>
<tr>
<td>18:00</td>
<td>Automated cash sweep</td>
</tr>
<tr>
<td>18:00</td>
<td>Securities restriction cut-off (for all currencies)</td>
</tr>
<tr>
<td>18:00</td>
<td>FOP cut-off (for all currencies)</td>
</tr>
</tbody>
</table>

Figure 20: cut-offs during the T2S Settlement Day

4.1.7. End of Day (18:00 – 18:45)

T2S Settlement Day closes at 18:00. The EOD process starts after the successful completion of the RTS period where settlement is no longer possible. It is followed by the SOD period of the next Settlement Day.

Following the cut off and until 18:45, the following events take place:

- Stopping settlement engine;
- Recycling and purging; and,
- End of day reporting and statements.

T2S generates all the EOD reports (e.g. on holdings, instructions) and account statements on T2S DCA, as per the report configuration set-up and sends them to the T2S Actors (excl. ICPs). ICPs get the reporting through the NBB-SSS.

4.2. Connection to T2S

4.2.1. General

Legal relationships between parties in T2S determine a hierarchical party model based on a three-level structure. The T2S Operator is the party on the top level of the hierarchy and it is in a legal relationship with each party of the second level, i.e. 24 CSDs and 23 NCBs in T2S. Legal relationships also exist between each party belonging to the second level of the hierarchy (i.e. a CSD or an NCB) and all its participants, i.e. CSD participants for the CSDs and payment banks for the NCBs, established respectively by specific contracts per CSD and subject to the CSD's country specific law, and by the TARGET2 contractual framework. There is no contract between the participant and T2S itself as T2S is not a designated system under the Settlement Finality Directive but merely a technical platform.

[23] This shall reduce the DVP timing available in the NBB-SSS phase 1.
For settlement services NBB-SSS participants and CCPs can choose to be either a T2S Directly Connected Party (DCP) or a T2S Indirectly Connected Party (ICP). DCPs will communicate directly with T2S, while ICPs will always send their instructions to their CSD which relays the instructions to the T2S platform.

Both ICP and DCP maintain a business and legal relationship with the NBB-SSS. The NBB-SSS client relationship, business rules and Rulebook apply to every participant who holds a security account in NBB-SSS.

Participants may well choose to start as an ICP and become a DCP at a later stage. Participants who want to start as DCP at the moment of migration of the NBB-SSS were requested in October 2013 to declare their non-binding intention. By 19 September 2014 these candidate DCPs are invited to confirm their initial interest for becoming an A2A DCP. U2A DCPs need to declare their confirmation by 19 June 2015.

Participants who expressed such interest in October 2013 can decide according to their own risk assessment to migrate either simultaneously with the NBB-SSS on the wave specific migration weekend, or at any point in time afterwards, except during the stabilization period of 4 weeks following the migration weekend. Participants who did not express such interest in October 2013 can still become DCP but only after the stabilization period of 1 month after the 4th migration wave on 6 February 2017.
The DCP candidate shortlist of October 2013/September 2014 shows that the majority of NBB-SSS participants choose to T2S in ICP mode. DCP can also connect as ICP to benefit from extra services by the NBB-SSS e.g. reporting, RAMSES GUI, etc.

The CSD Steering Group collected the following DCP candidates from the 24 participating CSDs in T2S:

<table>
<thead>
<tr>
<th>#</th>
<th>Entity</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>ABN AMRO Clearing Bank NV</td>
</tr>
<tr>
<td>2</td>
<td>Banca Aletti 1 C.S.p.A.</td>
</tr>
<tr>
<td>3</td>
<td>Banco Popolare - Società Cooperativa</td>
</tr>
<tr>
<td>4</td>
<td>Bankhaus Ellwanger &amp; Geiger KG</td>
</tr>
<tr>
<td>5</td>
<td>Barclays</td>
</tr>
<tr>
<td>6</td>
<td>bwi Bank für Investments und Wertpapiere AG</td>
</tr>
<tr>
<td>7</td>
<td>BNP Paribas SA</td>
</tr>
<tr>
<td>8</td>
<td>BNP Securities Services</td>
</tr>
<tr>
<td>9</td>
<td>CACEIS</td>
</tr>
<tr>
<td>10</td>
<td>Citi</td>
</tr>
<tr>
<td>11</td>
<td>Clearstream Banking SA</td>
</tr>
<tr>
<td>12</td>
<td>Deutsche Bank</td>
</tr>
<tr>
<td>13</td>
<td>EMFC N.V.</td>
</tr>
<tr>
<td>14</td>
<td>Eurex Clearing AG</td>
</tr>
<tr>
<td>15</td>
<td>Euroclear Bank SA/NV</td>
</tr>
<tr>
<td>16</td>
<td>Hellenic Exchanges S.A. Holding, Clearing Settlement and Registry (HELEX)</td>
</tr>
<tr>
<td>17</td>
<td>HSBC Trainhaus &amp; Burghardt AG</td>
</tr>
<tr>
<td>18</td>
<td>Iccrea Banca S.p.A.</td>
</tr>
<tr>
<td>19</td>
<td>IntesaSanpaolo</td>
</tr>
<tr>
<td>20</td>
<td>Istituto Centrale delle Banche Popolari Italiane S.p.A.</td>
</tr>
<tr>
<td>21</td>
<td>JP Morgan</td>
</tr>
<tr>
<td>22</td>
<td>LCH.Clearnet Ltd</td>
</tr>
<tr>
<td>23</td>
<td>LCH.Clearnet SA</td>
</tr>
<tr>
<td>24</td>
<td>National Bank of Greece SA</td>
</tr>
<tr>
<td>25</td>
<td>Natixis</td>
</tr>
<tr>
<td>26</td>
<td>Parel</td>
</tr>
<tr>
<td>27</td>
<td>SGSS S.p.A.</td>
</tr>
<tr>
<td>28</td>
<td>Société Générale S.A.</td>
</tr>
<tr>
<td>29</td>
<td>Synechron</td>
</tr>
<tr>
<td>30</td>
<td>TARGOBANK AG &amp; Co. KGaA</td>
</tr>
<tr>
<td>31</td>
<td>The Bank of New York Mellon SA/NV</td>
</tr>
<tr>
<td>32</td>
<td>Unicredit Bank Austria Vienna</td>
</tr>
</tbody>
</table>

Figure 23: DCP candidates October 2013/ September 2014

Financial institutes may become ICP or DCP on the securities side via the NBB-SSS (‘Securities DCP’) or on the cash side via the NBB (‘Cash DCP’ or ‘Directly Connected DCA Holder’). Being a DCP in one CSD/NCB does not mean being a DCP in all CSDs/NCBs while at the same time being a DCP in one NCB does not automatically imply becoming a DCP on the securities side for this market (i.e. in the according CSD).

Figure 24: ICP/DCP for securities and/or cash

The registration, operational and testing requirements for becoming cash ICP/DCP for the Belgian market are addressed in the TARGET2-BE national user group.
The T2S approach is non-discriminatory regarding the technical connection to the platform, whether ICP or DCP.

### 4.2.2. Connection as ICP

As ICP the NBB-SSS participant sends settlement instructions to T2S exclusively through NBB-SSS and as such benefits from practically all T2S functionalities. At the same time the ICP is not subject to mandatory specific T2S connectivity requirements, i.e. connection in ISO 20022 mode through an accredited Value-Added Network Service Provider (VA-NSP\textsuperscript{24}) and connection to the T2S GUI.

As ICP the NBB-SSS provides value added services as intermediary between the participant and the T2S platform, i.e. conversion between ISO 15022 MT messages and T2S mandatory ISO 20022 MX messages, reporting services, access to the RAMSES GUI. ICP can also choose to exchange ISO 20022 MX messages with the NBB-SSS. Connection A2A to the NBB-SSS is through SWIFT, connection U2A to the RAMSES GUI is through a VPN connection to NBB-Net.

Legacy ISO 15022 MT messages are adapted to support the new T2S functionalities. In addition, the NBB-SSS provides the RAMSES GUI to participants for daily monitoring and for entering instructions both in normal operational mode and for business contingency in case of unavailability of the SWIFT connection mode at the participant. For these reasons, the RAMSES GUI is in principle mandatory for all participants. Therefore, the possibility to request from the NBB-SSS through a fax or secured e-mail to have settlement instructions entered on behalf will be charged from phase 1 onwards and in normal operations discontinued 6 months after the migration except in contingency mode. The NBB-SSS can still enter settlement and maintenance instructions on behalf in abnormal situations (e.g. network unavailability at the participant) on a best effort base.

ICP have to comply with these changes and successfully perform NBB-SSS certification and authorization testing activities in the connection mode they apply in production, i.e. mandatory RAMSES GUI mode and conditional SWIFT mode.

ICPs need to use the TARGET2 services, including the T2S Interface in the Information and Consultation Module (ICM), for liquidity management of their Dedicated Cash Accounts (DCA) for T2S settlement purposes.

### 4.2.3. Connection as DCP

DCPs are T2S Actors who have a direct connection through a VA-NSP to send and receive ISO 20022 MX messages directly to T2S without passing through the NBB-SSS. In addition to this direct connection, DCPs can still choose to send and receive messages in ICP mode through the NBB-SSS either in MT or MX (both through the SWIFT network) or through the RAMSES GUI for specific purposes, i.e. non-core settlement functions like regulatory reporting, a switch from DCP to ICP connectivity mode could be considered as a potential contingency measure, etc.

The DCP has a contractual relationship with the NBB-SSS as an existing customer and must establish a contract with the VA-NSP of its choice. The NBB-SSS remains the single point of contact for business issues. For technical T2S connectivity issues, the DCP can contact the VA-NSP Service Desk or the T2S Service Desk.

\textsuperscript{24} SWIFT or SIA/Colt
The contract between the DCP and the VA-NSP supports the data exchange between the DCP and the VA-NSP. The A2A traffic is compliant with the protocol defined by the relevant VA-NSP. The U2A interface between T2S and the VA-NSP is based on the standard HTTPs protocol and user identification based upon certificates stored with the related private keys in a smart-card or USB token. The VA-NSP offers connectivity services and manages the bi-directional data exchange with the T2S platform. The VA-NSP offers several functionalities: Technical Sender Authentication, CGU, non-repudiation, encryption, VA-NSP protocol transformation into and from DEP protocol.

For these A2A and U2A connections, the DCP is subject to connectivity certification testing by the European Central Bank26, i.e. the DCP successfully demonstrates its ability to send and to receive messages from T2S through A2A communication mode and/or its ability to log successfully into the T2S GUI depending on the interface the participant is intending to use in production. The T2S GUI is not mandatory for DCPs but highly recommended. The “DCP certification” has only to be passed once, also when the DCP plans to connect to multiple CSDs.

In addition, the DCP needs to be authorized by the NBB-SSS by performing the same interoperability NBB-SSS certification testing as the ICP. “DCP authorization” must be passed as part of the community testing27 for each CSD whom the DCP wants to establish a contract with, i.e. every CSD in which the DCP wants to hold a security account.

The subscription as DCP has to be approved by the NBB-SSS. The NBB-SSS is responsible for setting up static data and privileges for its DCPs. For monitoring and controls, the NBB-SSS receives copies of messages sent by DCPs to T2S and status messages sent by T2S to DCPs.

Each DCP is responsible for its own readiness for migrating to T2S and has to undertake the according measures for a successful “certification” and “authorization” and subsequent business operation in T2S.

The NBB-SSS provides information and guidance that all its DCPs receive, accept and understand all information to facilitate their readiness for a smooth functioning in T2S.

For the cash side, a Payment Bank as participant of an RTGS system (TARGET2 participant) as directly connected DCA Holder in T2S, communicates directly with T2S platform via A2A and/or U2A and has access rights set-up by the NBB.

Banks who intend to be Directly Connected DCA Holders should inform the NBB well in advance by submitting a “declaration of intent”, depending on A2A or U2A mode:

<table>
<thead>
<tr>
<th>Wave</th>
<th>A2A mode</th>
<th>U2A mode</th>
</tr>
</thead>
<tbody>
<tr>
<td>Wave 1</td>
<td>3 March 2014</td>
<td>3 December 2014</td>
</tr>
<tr>
<td>Wave 2</td>
<td>19 September 2014</td>
<td>19 June 2015</td>
</tr>
<tr>
<td>Wave 3</td>
<td>16 February 2015</td>
<td>16 November 2015</td>
</tr>
<tr>
<td>Wave 4</td>
<td>09 October 2015</td>
<td>11 July 2016</td>
</tr>
</tbody>
</table>

Figure 25: DCP according to waves

TARGET2-BE contacts the TARGET2 BENUG and the TARGET2-BE users.

Directly Connected DCA Holders have to pass the Certification tests for A2A and/or U2A in the early stage of the community testing of the migration wave in which they migrate to T2S. In case an institution executes certification testing as a DCA Holder, the NBB issues the certificate; in case the institution executes certification testing also as a DCP participant, the ECB will issue the certificate covering both business areas. In addition, they must pass the common set of authorization test cases defined by the Eurosystem Central Banks during the community testing stage of the NBB and obtain NBB authorization.

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25 Data Exchange Protocol, protocol between T2S and the VA-NSPs.
26 The ECB publishes a Connectivity Guide on 29 November 2013, a DCP Test Guide in September 2014.
27 Community testing wave 2 from September 2015
4.3. DCA and liquidity management

4.3.1. General

From phase 2 onwards, cash settlement is executed on Dedicated Cash Accounts (DCA) on the T2S platform. Liquidity for the DCA is provided through TARGET2 RTGS accounts. The TARGET2 Information Guide for Users is updated with information relevant to DCA Holders. Subsequently, the usage of DLNS and RECOUR accounts for securities settlement is discontinued. As a consequence the cash balance needs to be queried on the DCA through the T2S GUI or the TARGET2 ICM GUI and is no longer available in the RAMSES GUI.

In general, participants must choose to be a Payment Bank or a Payment Bank client. As Payment Bank, the participant keeps full control over its cash management on its DCA through its own RTGS account or through another bank’s RTGS account (liquidity provider). Hence, as DCA Holder it is not mandatory to have an own RTGS account. As Payment Bank client, a participant outsources its liquidity management to a Payment Bank. For that purpose the Payment Bank can authorize the Payment Bank client to use the Payment Bank’s DCA or to have a separate DCA account.

One DCA can be used for cash leg settlement of securities instructions on multiple securities accounts in multiple CSDs.

Participants can choose to set up 4 DCAs per securities account:

- One for the normal DVP transactions and auto-collateralization: the default DCA of the securities account in T2S. Settlement occurs on this default account unless the settlement instruction indicates another DCA.
- One for the payments of the corporate actions
- One for all the debit/credit of the Market Claims.
- One for the paying agent to enable the debit related to corporate actions.

Subject to the fulfillment of the relevant eligibility criteria, a payment bank may open a Dedicated Cash Account (DCA) in euro with any of the Central Banks participating in TARGET2 from the first T2S migration wave onwards. This rule applies irrespective of the wave in which the “local” market of the Central Bank is planned to migrate to T2S. The eligibility criteria for the opening of a euro-denominated DCA are similar to those applicable to the opening of RTGS accounts in TARGET2.

Operationally, DCAs are within T2S but legally euro denominated DCAs are within the perimeter of TARGET2. DCAs are opened by individual Central Banks connected to TARGET2. Conditions governing their provision are included in the TARGET2 Guideline, which has been updated to reflect this change of perimeter. The new legal structure aims at minimizing as much as possible the differences between the regime applicable to RTGS and DCA accounts.
As a conclusion, DCAs are created by the NBB and the NBB holds the business relation with the DCA holders. The NBB-SSS will link the DCA to the security account.

4.3.2. DCA account structure

The following numbering convention has been developed by the Eurosystem together with the TARGET2 users:

<table>
<thead>
<tr>
<th>Name</th>
<th>Format</th>
<th>Content</th>
<th>Purpose</th>
</tr>
</thead>
<tbody>
<tr>
<td>Account type</td>
<td>1 char. exactly</td>
<td>‘C’ for cash account</td>
<td>Helps differentiating between cash and securities accounts.</td>
</tr>
<tr>
<td>Country code of the</td>
<td>2 char. exactly</td>
<td>ISO country code</td>
<td>Helps identifying the Central Bank in the books of which the account is held.</td>
</tr>
<tr>
<td>Central Bank</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Currency code</td>
<td>3 char. exactly</td>
<td>ISO currency code</td>
<td>Helps differentiating between accounts in different currencies.</td>
</tr>
<tr>
<td>Account holder</td>
<td>11 char. exactly</td>
<td>BIC</td>
<td>Identifies the holder of the account.</td>
</tr>
<tr>
<td>Sub-classification of the</td>
<td>Up to 17 char.</td>
<td>Free text</td>
<td>Description provided by the account holder for the sub classification of the account.</td>
</tr>
<tr>
<td>account</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Example: ING Belgium can have a DCA with account name C BE EUR BBRUBEBO10 FOROWNOPERATIONS (no blanks)

4.3.3. Liquidity management

DCA holders should maintain a technical access to their account for properly managing their liquidity (T2S GUI and/or T2 ICM).
Liquidity transfers are needed in order to provide T2S DCAs with liquidity. A liquidity transfer is an instruction to transfer central bank money from a T2 RTGS account to a T2S DCA or vice versa. DCAs can receive liquidity transfer from any RTGS account in TARGET2 and can send liquidity transfer to any RTGS account in TARGET2. Liquidity transfers from DCA to DCA are restricted to DCAs linked to the same main RTGS account.

Each DCA must be linked to an RTGS account in TARGET2, called main RTGS account. More DCAs can be linked to the same main RTGS account. A DCA cannot hold a balance overnight. Before the cut-off of the Real-Time Settlement window, the balance is automatically swept back to the main RTGS account. The main RTGS account can be opened at another Central Bank or held by another legal entity.

It is recommended that the Payment Bank requests the optional cash sweep at 16:30 CET to avoid any balances on its DCAs in any cash including in the incident case that the automatic cash sweep at 17:45 CET would not be executed.

Also at the end of the Night-Time settlement, the remaining liquidity on the T2S DCA is automatically transferred to the respective RTGS accounts of the liquidity providers.

However, if a payment bank wants to benefit from Central Bank auto-collateralization - intraday and against eligible collateral - on its DCA in euro it is required to hold a receiving RTGS account in TARGET2 with access to intraday credit within the same credit-providing Central Bank with which its DCA is held (needed for the automated reimbursement, see chapter 4 section “Auto-collateralization”).

Figure 28: Liquidity in T2S

LT can be “inbound” (from T2 to T2S), “outbound” (from T2S to T2) or “internal” (from DCA to DCA). There are three types of LT:

- Immediate Liquidity Transfers, executed as soon as the transfer is instructed and entered in T2S, e.g. the standing orders from T2 at SOD are considered in T2S as immediate LT.

- Standing Liquidity Transfer Orders, internally triggered daily by T2S if a certain business event or time is reached (future).

- Predefined Liquidity Transfer Orders, internally triggered once by T2S if a certain event or time is reached (future).

DCA Holders who are DCPs can initiate LT A2A in ISO20022 or in the T2S GUI. DCA Holders who are ICP can use the value added services in the T2S interface in TARGET2. The T2S Interface enables TARGET2 participants who have not yet migrated their cash management to ISO20022 to push and pull liquidity to and from the DCA in T2S using the ICM, an MT202 or an A2A instruction in TARGET2.

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28 TARGET2 Release 7.0
Participants can monitor their liquidity on the DCAs through notifications (only A2A), queries and reports (both A2A and U2A) to obtain information on settled amounts, cash balances, blocking and reservations and exceeding thresholds. Participants can send instructions between T2 and T2S in A2A mode. The information and LT features are also available on the T2S GUI and on the T2S Interface in the TARGET2 ICM.

4.4. Auto-collateralization

The benefits of auto-collateralization are primarily the credit line availability for domestic and cross-border settlement because it is linked to the DCA, the reduction of liquidity needs and, therefore, the reduction of the settlement costs. T2S nor NBB-SSS charge the usage of auto-collateralization.

T2S offers two kinds of auto-collateralization:

- from central banks to domestic payment banks: “central bank auto-collateralization”.
- from payment banks to payment bank clients: “client collateralization”.

The Adaptation Plan covers central bank auto-collateralization. Client collateralization is regarded as a business support to cover insufficient external guarantee headroom between the Payment Bank – Custodian and its client and as such outside the scope of the CSD or of the Central Bank.

Central bank auto-collateralization is used to provide intraday credit based on eligible collateral in T2S to cover cash shortages on a DCA in the Central bank books. Auto-collateralization in T2S hence covers only T2S needs and is separated from intraday credit in TARGET2. Nevertheless, the intraday credit in TARGET2 can be used for provisioning liquidity to the DCAs and avoiding auto-collateralization in T2S. Both intraday credit lines, on RTGS accounts in TARGET2 and on DCA accounts in T2S follow the same rules and list of eligible assets for Eurosystem eligible collateral.

As DCAs are within the TARGET2 perimeter and legal framework, so are the provisions on auto-collateralization.

A Payment Bank which wants to make appeal to auto-collateralization needs to hold a RTGS account in TARGET2 and a DCA in T2S as in case of non-reimbursement of the auto-collateralization the intraday credit in T2S will be converted into intraday credit or overnight credit in TARGET2.

Central Banks offer two kinds of auto-collateralization:

- on flow: same securities that are being purchased can be used as collateral for obtaining the necessary credit to complete the purchase. The buyer needs to have sufficient cash to cover the possible “haircut” on that collateral.
- on stock: securities already held by the buyer used as collateral.

T2S resorts first to auto-collateralization on flow and –when the collateral value of the securities is not sufficient or not eligible- T2S complements collateral on flow with collateral on stock.

The NBB as Central Bank provider of auto-collateralization has opted for REPO, meaning that the securities are transferred from the NBB-SSS participant securities safekeeping account to a securities account kept by the NBB in “legal possession” for this purpose. The NBB provides the cash from its DCA for this purpose to the participant’s DCA.

In order to enable participants to benefit from cross-border auto-collateralization, the NBB will open two securities accounts in Euroclear France, which will have links with many other T2S issuer CSDs.
The NBB will set up at static data level for its payment banks the so-called Credit Memorandum Balance (CMB) which is used to link the securities account with a cash account and to define the auto-collateralization limits.

At the moment of the delivery of collateral on the NBB securities account, T2S will already generate the instruction needed to reimburse intra-day the auto-collateralization. This instruction will be put “on hold” until the Payment Bank is ready to reimburse the intraday credit on its DCA and “releases” the held instruction. If the Payment Bank does not release the reimbursement instruction, it will be subject to “automatic reimbursement” at 16:30. In case, the Payment bank’s DCA does not show a sufficient balance to reimburse the intraday credit, T2S will execute the “forced reimbursement”. The forced reimbursement will trigger liquidity rebalancing between DCAs of the same Payment bank or, if insufficient, relocate collateral. A forced reimbursement will lead to a penalty.

Participants who want to benefit from auto-collateralization need to earmark a securities position –or an entire securities account- as eligible for auto-collateralization. Only that sub-position (EEUR) will then be used for autocollateralization, not the possibly remaining “deliverable” (AWAS) position. Incoming securities will as default not be moved to the earmarked sub-position but to the deliverable sub-position.

To support auto-collateralization, the NBB feeds daily to the T2S platform in the Start Of Day procedure the list of eligible assets (ISIN)\textsuperscript{29}, their valuation\textsuperscript{30}to be used during the business day. If for any reason the upload would fail, then the NBB would decide to either not provide auto-collateralization or –more likely- to use the last available data (from the previous business day).

\textsuperscript{29} Based on EADB – Eligible Assets Data Base, the Eurosystem Single List
\textsuperscript{30} Based on CEPH – Central Pricing Hub
4.5. Settlement restrictions

In T2S the participant can earmark, block and reserve positions for specific purposes.

**Earmarking**
- Moving securities to an **Earmarked** sub-position
  - Purpose: autocollateralisation
  - Account level overrides instruction level
  - Partially settled without further settlement attempts

**Blocking**
- Moving securities to a **Blocked** sub-position
  - Purpose: securities cannot be moved anymore
  - Blocking more than available is not possible
  - SR is either settled or unsettled (and recycled)

**Reservation**
- Moving securities to a **Reserved** sub-position
  - Reserved for settlement of one or more settlement instructions
  - Reserving more than available is possible
  - Partially settled with new securities pre-empted

**Figure:** Settlement restrictions in T2S

In T2S Parties may define that a security position or a security account be earmarked as a settlement restriction.

For a position or an account to be earmarked, the securities must be fully available in the relevant account. Earmarking defines that a security position or security account may be used for one and only one defined purpose. An earmarked position or account can not be used for another purpose unless the earmarking is revoked.

A T2S Actor may earmark a position or an account for a specific purpose such as autocollateralization. If there is a conflict regarding use of the earmarked securities for a delivery/receipt owing to contradictory choices between account level and instruction level (that is to say when a settlement instruction refers to a earmarking purpose which is different from that at account level), the choice at account level overrides the choice at position level (T2S will credit or debit the earmarked position according to the purpose at account level and not according to the purpose at the instruction level). If earmarking is done at the Security Account level for a specific purpose, it will not be possible to earmark securities or cash at position level (in the same account), for a different purpose. Earmarking is not possible for DCAs.

In addition to earmarking, T2S Parties may define that securities or cash be blocked at the instruction, position or account level as settlement restrictions. A T2S Actor may block securities or cash for a specific purpose. For the securities or cash to be unblocked, the relevant instruction must contain the reference to the specific purpose. A blocking of cash or securities prevents the transfer of specific securities/cash from a specific Security Account/T2S DCA. When a blocking restriction is submitted for settlement, and providing sufficient securities and/or cash are available on the relevant accounts, T2S blocks the number of securities and/or the amount of cash specified in the settlement restriction on the relevant securities and/or T2S DCA(s). If insufficient securities and/or cash is available, only those securities and/or cash will be blocked. No further attempt will be made to block the remaining part.

As a further settlement restriction, T2S Parties may define that a security or a cash instruction or position be reserved. A T2S Actor may create a reservation without having all the securities or cash specified in the reservation. Any securities or cash arriving will be attributed to the reservation until the reserved volume has been reached. When a reservation instruction is submitted for settlement, and providing sufficient securities and/or cash are available on the relevant account(s), T2S reserves the number of securities and/or the amount of cash specified in the settlement instruction on the relevant securities and/or T2S DCA(s).
If insufficient securities and/or cash are available,

- T2S reserves the securities and/or the cash already available on the relevant account, and;
- supplements it with any incoming securities and/or cash proceeds arriving on this account, provided that the latter are not defined to be used for any other purpose.

A reservation of cash or securities reserves a securities or cash position for the settlement of one or more settlement instructions. A T2S Actor may refer to an existing reservation in another settlement instruction, by means of the reservation’s unique reference number. If such references result is made the provisioning process will include the reserved cash or securities in its provisioning check. The reserved securities/cash will be used first (ahead of unreserved securities/cash) for settlement of the instruction.

When several reservations/blockings of securities and/or cash have been performed on the same Security Account and/or T2S DCA, and a T2S Actor submits to T2S a settlement instruction referring to one (or some) of those reservation/blocking instructions, the T2S provision-check does not consider the additional securities and/or cash reserved/ blocked through reservation instructions other than those referred to in the instruction being settled. However, if the securities/cash reserved/ blocked are not sufficient, T2S also takes into account additional securities and/or cash available on the relevant Security Account and T2S DCAs, provided that the latter have not been reserved/blocked for any other purpose.

If at EOD the reserved and blocked cash has not been used for any purpose, T2S releases the relevant cash. As regards securities, if blocked or reserved securities have not been used or released at EOD as a result of an instruction from the relevant T2S Actor, T2S does not release them automatically.
4.6. Changes in Ramses phase 2 needed to reflect T2S wave 2

**Securities Account Set-up**

For reasons of migration preparation the 3 T2S DCA will also be displayed in the Ramses screen from Jan 2016 to March 2016. They will not be used.

New fields will be added at securities account level:
- Auto-collateralization eligible: in order to allow auto-collateralization on the securities account. Possible value are Y/N, default is N.
- Auto-collateralization real-time reporting: in order to flag at account level the request for intra-day reporting on the auto-collateralization movements. Possible value are Y/N, default is Y if auto-collateralization is set to Y.
- End-investor flag: this flag is requested in T2S but is not relevant for the NBB-SSS. Hence, its value is set at “NONE” for all securities accounts.

**Corporate Action Processing**

To make sure that the settlement of the corporate action can occur at start of day in T2S, the ISO transaction code related to redemption, currently REDM, will become CORP. The same is applied in case of conversion, i.e., CONV becomes CORP.

The field 70E::ADTX//INTM will be removed from the MT564 and MT566. It is recommended to use the DAAC field to incorporate this feature.

**Timetable**

The Ramses timetable visible on the dashboard will be redesigned to integrate the T2S Day Schedule.

**X-Border**

To indicate the CSD of the counterparty in MT, the field “:95P::PSET//” in the settlement parties will not be a fixed value anymore. It will also become a new “additional matching criteria”, see also section 3.1.4.

**Instructions during migration**

Instruction having an ISD smaller than the migration date of the securities account used in the instruction will be cancelled by the system and, hence, will not be subject to the migration processed in T2S.

**Statement of account**

The statement of account messages will be reviewed to incorporate the sub-balance type as proposed in T2S: AWAS (available for settlement), COLL (collateral for auto-collateralization), COSP (conditional securities delivery of securities position), EARM (earmarked), BLCK (blocked) or RESE reserved.

**Status of instruction**

Ramses will forward all statusses of instructions it receives from T2S.
Swift

New MX messages will be available to support new services. The schema of those messages is exactly the same as the one proposed by T2S.

Three functional domains are addressed by those new messages:
- Securities: each time Ramses creates a security (ISIN) in T2S, it can send the same message to the participant who has applied for receiving this message. The content is strictly limited to T2S needs.
- Intraposition movement: a dedicated family of messages enables the move of the position into different securities account sub-positions in T2S, see also section 4.5..
- Status of the T2S Day Schedule: Ramses forwards the messages containing the T2S Status of the Day to the participant.

Each of the above messages can be sent to a different DN registered at participant level and communicated to the NBB-SSS through the Static data form (“annex 1.c” of the “Terms and conditions governing the participation in the NBB-SSS”).

Securities

<table>
<thead>
<tr>
<th>From</th>
<th>To</th>
<th>Request type</th>
<th>Scope</th>
</tr>
</thead>
<tbody>
<tr>
<td>NBB-SSS</td>
<td>Participant</td>
<td>Reda.006.001.01</td>
<td>Creation of a security</td>
</tr>
<tr>
<td>NBB-SSS</td>
<td>Participant</td>
<td>Reda.007.001.01</td>
<td>Update of a security</td>
</tr>
<tr>
<td>NBB-SSS</td>
<td>Participant</td>
<td>Reda.013.001.01</td>
<td>Deletion of a security</td>
</tr>
</tbody>
</table>

Intraposition movement

<table>
<thead>
<tr>
<th>From</th>
<th>To</th>
<th>Request type</th>
<th>Scope</th>
</tr>
</thead>
<tbody>
<tr>
<td>Participant</td>
<td>NBB-SSS</td>
<td>Semt.013.001.03</td>
<td>Intra Position Movement Instruction</td>
</tr>
<tr>
<td>NBB-SSS</td>
<td>Participant</td>
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<td>Intra Position Movement Status Advice</td>
</tr>
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<td>NBB-SSS</td>
<td>Participant</td>
<td>Semt.015.001.03</td>
<td>Intra Position Movement Confirmation</td>
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<tr>
<td>NBB-SSS</td>
<td>Participant</td>
<td>Semt.016.001.03</td>
<td>Statement of settled intra-position movements</td>
</tr>
<tr>
<td>NBB-SSS</td>
<td>Participant</td>
<td>Semt.034.001.01</td>
<td>Statement of pending intra-position movements</td>
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Status of the day

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<thead>
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<th>To</th>
<th>Request type</th>
<th>Scope</th>
</tr>
</thead>
<tbody>
<tr>
<td>NBB-SSS</td>
<td>Participant</td>
<td>Camt.019.001.04</td>
<td>Return Business Day Information</td>
</tr>
</tbody>
</table>
5. Issuance process

5.1. Securities Maintaining Entity (SME)

Between wave 1 and wave 2 the NBB-SSS only acts as Securities Maintaining Entity (SME).

The set-up and maintenance of Securities Static Data is performed by the SME. The SME in T2S is responsible to maintain the following information in T2S:

- Identification of the security, i.e. its ISIN code, CFI code, short and long name;
- Validity period of the security, i.e. its issue date and if valid for the security, maturity/expiry date;
- Settlement-related data, i.e. its settlement type (specifying whether trades for this security specify quantities in units or nominal), minimum settlement unit, settlement unit multiple and possible deviating settlement units;
- Country of issuance;
- Currency;
- The Market Specific Attributes
- The CSD linked to the ISIN to indicate who is the technical issuer CSD and the issuer CSD.

Whilst the issuer CSD of an ISIN code is assumed to be the SME, there may be exceptions e.g. when the issuer CSD has not yet migrated to T2S or the issuer CSD is outside T2S.

As from wave 1, the NBB-SSS transfers static data needed by T2S to enable the migrated CSDs to settle the BE fixed income securities issued by the NBB-SSS. The static data captured by the NBB-SSS of the securities have already been enriched in phase 1 to be T2S compliant.

The transfer of those static data will be fully automated. ISINs will only be available for settlement in the NBB-SSS when they have been created in T2S. The data will be transferred for all securities.

When migrating to T2S the NBB-SSS will take over the role of issuer CSD of those ISIN in T2S.

5.2. Private issuer

Regarding the issuance process for private issuers, there are no major changes. One change is that, once NBB-SSS has received all the administrative and information documents (prospectus, information on issuer, contracts, information on assets, etc.) and if all conditions are met, NBB-SSS will create the assets no longer using the current transaction type "32", but the new ISO transaction type (see 3.3.5.), in this case "ISSU".

Instructions must be with "NOMC" (no Market claims) either in the instruction or "NOMC" flag set as static data on securities account level.

All other business features e.g. issuance costs, conditions, early redemption clauses, notices to the bondholders, etc. remain unchanged for private issuers.

5.3. Belgian State

The regular primary operations procedures linked to the OLO, CT and State Bonds will be reviewed to rely on matching of instructions instead of manual e-mails.

For State Bonds, OLOs and CTs, the process will be optimally aligned with the auction process of the Belgian Debt Agency (BDA).
The Belgian Debt Agency (BDA) will send the results of the auction process to NBB-SSS under the form of "already matched instructions". This means that the BDA's counterparties will no longer have to send in instructions, they just need to make sure that the cash is present in order to allow the settlement to be successful.

At account level, participants will be able to choose to put all those transactions “on hold”.

The content of the Belgian State instructions (MT548 and sese.024) will reflect the result of the primary market operations (ISIN, amounts, parties –including buyer-).

The ISO transaction code use in those instructions shall be “PLAC”.

This approach is an important improvement in the STP treatment of public auctions (no more manual intervention, fax messages, etc.).

After the receipt of the primary market operations, the NBB-SSS generates a mailing to the participants.
6. Settlement

6.1. General principle

The new settlement engine makes use of an optimization mechanism based on FIFO\textsuperscript{31}, FAFO\textsuperscript{32} and gridlock resolution continuously throughout the day to ensure the settlement of a maximum of transactions as soon as possible.

It takes into account the partial settlement windows.

The settlement day exists of small iterative settlement batches, near to realtime, where no distinction is made on account type. They are triggered by any updates of the relevant parameters (new instructions, delivery of liquidity, partial settlement windows).

6.2. Prioritization

The T2S-compliant concept of prioritization, meaning that settlement instructions contain a priority level, is introduced in phase 1.

The participant has the possibility to choose between two levels of priority: High priority (0003) or Normal priority (0004). Normal priority is set as default value.

Priority is only used to select the instruction that has to be settled first when the settlement engine has the choice between more than one instruction.

However, for CCPs or trading platforms a higher level of priority is assigned: Top priority (0002). This priority level is automatically assigned according to the rules defined in the set-up in NBB-SSS. This process relies on the field 22F PRIR in sequence B of the MT540-543 or the tag <prty> in ISO 20022.

It is possible to update the priority level of an instruction:
- via the GUI;
- via MX message (sese.030 - Securities Settlement Condition Modification Request);
- the MT530 message will not be updated.

When a participant does not provide a priority in its instruction, priority 0004 is assumed.

The priority of a transaction carries the highest priority level of its two instructions.

In phase 2, the management of the information regarding the set-up and the processing of priorities is transferred to T2S.

For more information on this topic, please revert to T2S UDFS 1.2.1, page 332.

6.3. Pending transactions

If a participant subscribes to the MT537 or semt.018.01.03 (Statement of pending transactions), these messages are generated after the partial settlement windows.

6.4. Statement of transactions

The NBB-SSS aligns its reporting to the T2S standards. In both the MT536 and the semt.017, the open and closing balances have been removed.

\textsuperscript{31} First In, First Out.

\textsuperscript{32} First Available, First Out.
7. Corporate actions

7.1. Coupons, Pool factors and redemptions

For coupons and pool factors, the payments are executed by NBB-SSS by means of PFOD transactions, as in legacy. For redemptions, however, payment execution rely on DVP transactions if the NBB-SSS is providing the financial service of the asset. If not, it is based on FOP transactions.

The announcement of corporate actions:

- contain the prevision of the cash movement;
- are renewed between the first announcement and the record date, if positions have been updated;
- are available for pending transactions. The use of this feature remains at the participant’s discretion.

The confirmation of corporate actions processing only relies on the MT566 and its ISO 20022 equivalent. The NBB-SSS no longer sends MT547 messages.

In case of redemption in nominal, the movement is still reflected in the MT536, in this case the ISO transaction type is “OWNE” in ISO 15022 and “CORP” in ISO 20022.

The NBB-SSS provides the COAF reference (Official Corporate Action Event Reference ) in the corporate actions messages. The COAF is the official and unique reference assigned by the official central body/entity within each market at the beginning of a corporate action event. The NBB-SSS’s COAF starts with “BE” as published on www.smpg.info. The registration list has been updated accordingly on 10 December 2014.

For private issuers, NBB-SSS processes in phase 1 the corporate actions as from 10:00 or at 12:00 according to the conventions signed by the issuers and the paying agents. Before phase 1 the limit is set at 12:00. In phase 2 the CA are processed in NTS.

In phase 2, DCPs need to request the adequate configuration to avoid or not the reception of sese.025 related to corporate actions.

7.2. Market claims

NBB-SSS is ready to apply the concept of market claims as of phase 1. However, the user Committee decided on 2 March 2015 not to apply market claims before phase 2 as a market practice.

Market claims are considered as a retrocession of interests from the seller to the buyer, in case of non-delivery of the assets of a transaction that exceeds the asset’s coupon date. These market claims will be subject to a withholding tax rebate/refund according to the standard XN rules.

Market claims detection: after the EoD procedure on the record date (RD). The aim is to generate the market claim before the SoD procedure of its payment date (see figure 30).

Since NBB-SSS only settles in nominal, market claim detection will only be based on the fact that a transaction with an intended settlement date on or before the RD of a coupon is still pending.

This detection will stay active for 20 open days after each coupon, since in T2S an unmatched instruction is recycled and remains executable for 20 days and can thus be matched by a counterparty during these 20 days. In this case the market claim will be generated at EOD of the day of matching.

For the treatment of Market Claims, a new parameter has been introduced.

This functionality is only for assets NBB-SSS is providing financial services for. Excluded assets are all assets in foreign currency (even if the cash leg of the transaction should be in euro).
Market claims will also apply to partially settled transactions.

Once generated, they will settle independently from the settlement of the underlying transaction. In case a matched transaction has caused a market claim to be generated and the underlying transaction is cancelled bilaterally afterwards, no actions are taken by NBB-SSS towards the already created Market Claim.

It will be possible to use an OPT-Out indicator.
- If the OPT-Out indicator is set to Y, the transaction will not be eligible for market claims;
- If the OPT-Out indicator is left blank, the transaction will be eligible for a market claim;
- The OPT-Out is by default blank.

The OPT-Out indicator is an additional matching field, if one of the parties mentions a value for the OPT-Out indicator, the other one has to as well, otherwise the instructions will not match.

This can be achieved technically by using field 22F: STCO/NOMC.

The OPT-Out default blank, i.e. Market Claims are applied by default, on the instruction level can be countered at the securities account level thanks to a parameter in the static data. It is thus possible to reverse the default logic, resulting in the non-application of Market Claims by default. Using this mechanism, the instruction will be enriched before matching by the NBB-SSS, based on the participant’s default choice, if the instruction had the Opt-out indicator set to blank. This service will be continued in phase 2 for the indirect connected parties.

As the OPT-Out parameter is an additional matching field, these account parameters may entail that instructions with blanc Opt-Out parameters can never match because of the account specifications. A basic instruction on an account with OPT Out set to blank can only match with another basic instruction of an account with Opt Out blank or a specific instruction containing OPT Out blank, all other combinations will not match.

It is impossible to remove this parameter from an instruction.

<table>
<thead>
<tr>
<th>Value in the field 22F: STCO (MT) or &lt;SttlmTxCond&gt; (MX)</th>
<th>Default value is empty in the securities account static data</th>
<th>Default value is &quot;NOMC&quot; in the securities account static data</th>
</tr>
</thead>
<tbody>
<tr>
<td>Empty</td>
<td>Market Claims will be triggered.</td>
<td>The instruction will be enriched with &quot;NOMC&quot; when entering in the system.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>No market claim will be processed.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Be aware that this parameter is an additional matching field. It doesn’t match against blank.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>If the instruction has been sent as &quot;already matched&quot;, the enrichment will only be applied if both securities accounts involved in the transaction have requested NOMC.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>If both accounts should declare a different parameter, no enrichments will be done. This will lead to applying the standard, being market claim processing.</td>
</tr>
<tr>
<td>&quot;NOMC&quot;</td>
<td>No market claim will be processed.</td>
<td>No market claim will be processed.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>In all cases, It will not be possible to force market claim processing, since the opposite code is not available in ISO.</td>
</tr>
</tbody>
</table>

Figure 30: Market claims detection
In phase 2, market claims will not apply to realignment instructions generated by T2S. In this case, the participant has to deal with the market claims. The NBB-SSS will only generate market claims for its participants. This means that, in phase 2, if the counterparty is not a participant of the NBB-SSS, the market claim will remain unmatched.

The cash amount of the Market Claims will always be gross, enabling matching of the market claims by the counterparty, cfr. realignment. If withholding taxes have to be credited or debited, an instruction DWTT will be generated and linked to the market claims instruction.

The status (Hold or Released) of the market claim will be the same as the status of its underlying transaction. The NBB-SSS will not generate MT544-547 messages for the underlying transaction. When the market claim is settled, the MT566 will be generated.

**VERY IMPORTANT NOTICE:**

The NBB-SSS User Committee has made a recommendation concerning the use of the Market Claim indicator in NBB-SSS Ramses. The User Committee’s communication, which is joined in annex 7, is also available on www.nbbsss.be sub section 6.2 User Committee.

Following up on the User Committee’s recommendation, NBB-SSS sets the Market Claim indicator to NOMC (“never market claim”) as static data on account level for all accounts in NBB-SSS. The set-up was activated both in the Ramses test environment and the Ramses pre-production environment on 8 October 2014. This set-up migrates to the production environment from the Ramses go-live in the migration weekend 30 + 31 January 2015, after End of Day closing on 30 January 2015.

Participants who explicitly do not want the NOMC set-up can inform NBB-SSS by e-mail to t2s.sss@nbb.be. However, such requests would hamper the settlement efficiency in the NBB-SSS community as a whole.
7.3. Transformations

Transformations are considered as a retrocession of capital from the seller to the buyer, should the non-delivery of the assets of a transaction reach a pool factor date or the maturity date of the concerned asset.

This is only for assets NBB-SSS is providing financial services for. Excluded assets are all assets in foreign currency (even if the cash leg of the transaction should be in euro)

- on pool factor date, the buyer of the asset receives part of the nominal bought but not received, equivalent to the delta the pool factor diminished;
- on maturity date the buyer of the asset receives the (remaining) value of the nominal bought but never received;
- for both pool factor and non poolfactor assets: if it was a DvP instruction that did not settle, the seller of the asset receives the value of the cash amount mentioned in the original instruction on maturity date of the asset.

Transformations of poolfactors can be triggered after the poolfactor as unmatched instructions can still match up to 20 days after the ISD.

As unmatched instructions are automatically deleted at maturity of the asset, transformations will always be detected after the EoD procedure on the record date. The aim is to generate the transformation before the SoD procedure of its payment date.

As the NBB-SSS only settles in nominal, transformation detection will only be based on the fact that a participant’s instruction with an intended settlement date before the maturity date of an ISIN is still pending.
Transformation will also apply to partially settled instructions.

It will be possible to use the OPT-Out indicator\(^{33}\):
- If the OPT-Out indicator is set to 'Y', the transaction will not be eligible for transformation;
- If the OPT-Out indicator is set to blank, the transaction will be eligible for a transformation.

The OPT-Out indicator is an additional matching field; if one of the parties mentions a value for the OPT-Out indicator, the other one has to as well; otherwise the notifications will not match.

Transformations will not apply to realignment instructions generated by T2S. In this case, the participant has to deal with the transformation. The NBB-SSS will only generate transformation instructions for its participants. This means that if the counterparty is not a participant of the NBB-SSS, the transformation will stay unmatched.

The cash amount of the transformations will always be gross matching of the market claims by the counterparty, cfr. realignment.

![Diagram](image1.png)

**Figure 32a: Transformation with postponed generation in case of poolfactor**

**Figure 32b: Transformations generation**

For the treatment of Transformations, a new parameter has been introduced.

For the migration to Phase 1, NBB-SSS considers all transactions that are already in the system before the launch and with an ISD after the launch as opting out for market claims and transformations.

\(^{33}\) The same as the one used to manage the market claim.
7.4. Scenarios of market claims and transformations

Market claims and transformations will only be generated for those assets NBB-SSS is providing financial services for. Excluded assets are all assets in foreign currency (even if the cash leg of the transaction should be in euro).
Market claims

Scenario 1A: market claims between 2 X-accounts

1. A sells ISIN ABC to B DVP
   Nominal €100 000 Cash €100 000
   TD 02/02/2015 ISD 16/02/2015

2. €500 coupon
   ISD 16/02/2015 (Monday)
   CORP BECOU1

3. Market claim coupon 1%: CORP BECOU1
   FPOD of €500 from Seller to Buyer
   TD 02/02/2015 ISD 16/02/2015

4. €450 coupon CORP BECOU2
   ISD 16/02/2016

5. Market claim coupon 1%: CORP BECOU2
   FPOD of €450 from Seller to Buyer
   TD 02/02/2016 ISD 16/02/2016

Corporate action

- **BECOU1**: coupon (1% yearly)
  15/02/2015 (Sunday)
  CORP://BECOU1
- **BECOU2**: coupon (1% yearly) 15/02/2016 (Monday)
  CORP://BECOU2

(*) €246 is the bonification for WT until 10/02/2015

**BEPOO1**: poolfactor movement from 1 to 0.9
SCENARIO 1A: MARKET CLAIM BETWEEN 2 X-ACCOUNTS - ISIN IN €

1a) Seller A (X-account) commits on trade date 02/02/2015 to sell €100,000 of nominal of isin ABC to buyer B (X-account) with settlement date 10/02/2015.

1b) Buyer B (X-account) commits on trade date 02/02/2015 to buy €100,000 of nominal of isin ABC from seller A (X-account) with settlement date 10/02/2015. These instructions match but do not settle.

This sale doesn't settle and the pending transaction surpasses a coupon date of 15th of February 2015 (1% yearly). The coupon payment with ISD 16/02/2015 contains the corp reference BECOU1. The transaction keeps on pending and even surpasses the second and last coupon BECOU2 on 15th of February 2016.

WHAT DOES THE SYSTEM DO?

2) NBB-SSS pays on ISD 16/02/2015 €500 coupon to the seller A for his position in ISIN ABC.

3) NBB-SSS will generate a market claim, reimbursing the coupon not received by the buyer, through a €900 Payment Free Of Delivery, trade date 02/02/2015 (referring to the initial sale) and intended settlement date equal to the coupon payment date (16/02/2015). This market claim will contain the corp reference BECOU1.

On 15/02/2015 there is also a poolfactor depreciation, this is treated in transformation scenario 1B. Poolfactor goes from 1 to 0.9, so coupons will also drop 10% in value. This sale keeps on pending and the transaction surpasses a second coupon date of 15th of February (1% yearly) 2016. The coupon payment with ISD 15/02/2016 contains the corp reference BECOU2.

4) NBB-SSS pays on ISD 15/02/2016 €450 coupon to the seller A for his position in ISIN ABC.

5) NBB-SSS will generate a market claim, reimbursing the coupon not received by the buyer, through a €900 Payment Free Of Delivery, trade date 02/02/2015 (referring to the initial sale) and intended settlement date equal to the coupon payment date (15/02/2016). This market claim will contain the corp reference BECOU2.

IMPORTANT REMARK: the exact same method is applied if the transaction were a FOP instead of a DVP.
Scenario 1B: transformation on a poolfactor date
Seller = X-account – Buyer = X-account

1a) A sells ISIN ABC to B DVP
Nominal €100,000 Cash €100,000
tD 02/02/2015 ISO 10/02/2015

2) ISIN poolfactor
ISO 10/02/2015 (Monday)
CORP BEPO01

3) Transformation: CORP BEPO01
PF00 of €10,000 from Seller to Buyer
tD 02/02/2015 ISO 10/02/2015

7a) B buys ISIN ABC from A DVP
Nominal €100,000 Cash €100,000
tD 02/02/2015 ISO 10/02/2015

Corporate action
BECOU1: coupon (1% yearly)
15/02/2015 (Sunday)
CORP://BECOU1

BECOU2: poolfactor movement from 1 to 0.9
15/02/2015 (Sunday)
CORP://BECOU2

BECOU2: coupon (1% yearly) 15/02/2016 (Monday)
CORP://BECOU2
SCENARIO 1B: TRANSFORMATION ON A POOLFACTOR

SELLER = X-ACCOUNT - BUYER = X-ACCOUNT - ISIN IN €

1) Seller A (X-account) commits on trade date 02/02/2015 to sell €100,000 of nominal of isin ABC to buyer B (X-account) against €100,900 with settlement date 10/02/2015.

   This sale doesn't settle (seller only has a position of €50,000) and the pending transaction has surpassed a poolfactor date of 15th of February (10% decline of the nominal).

WHAT DOES THE SYSTEM DO?

2) NBB-SSS pays on ISD 16/02/2015 €5,000 of poolfactor to the seller A for his position in ISIN ABC. This PFOD will contain corp reference BEPOO1.

3) NBB-SSS will generate a transformation, reimbursing the poolfactor not received by the buyer, through a €10,000 Payment Free Of Delivery, trade date 02/02/2015 (referring to the initial sale) and intended settlement date equal to the poolfactor payment date (16/02/2015). This PFOD will contain corp reference BEPOO1.
**Transformation**

Scenario 1C: transformation on maturity
Seller = X-account – Buyer = X-account

1a) A sells ISIN ABC to B DVP
Nominal €100 000 Cash €100 000
TD 02/02/2015 ISO 10/02/2015

This doesn’t settle!

1b) B buys ISIN ABC from A DVP
Nominal €100 000 Cash €100 000
TD 02/02/2015 ISO 10/02/2015

4b) Transformation 1a) PFOO €100 000
TD 02/02/2015 ISO 15/02/2016
CORP://BEMATU

4b) Transformation 1b) PFOO €100 000
TD 02/02/2015 ISO 15/02/2016
CORP://BEMATU

3b) Cancel 1b)

Corporate action

BECOU1: coupon (1% yearly)
15/02/2015 (Sunday)
CORP://BECOU1

BEPOO1: pool factor movement from 1 to 0.9
15/02/2015 (Sunday)
CORP://BEPOO1

BECOU2: coupon (1% yearly) 15/02/2016 (Monday)
CORP://BECOU2

BEMATU: maturity 15/02/2016
CORP://BEMATU
SCENARIO 1C: TRANSFORMATION ON A MATURITY DATE BETWEEN 2 X-ACCOUNTS - ISIN IN €

- Seller A (x-account) commits on trade date 02/02/2015 to sell € 100 000 of nominal of isin ABC to buyer B (x-account) against € 100 900 with settlement date 10/02/2015.

This sale doesn’t settle (seller only has a position of € 50 000) and the pending transaction has surpassed a poolfactor date of 15th of February (10% decline of the nominal).

Now the ISIN comes to maturity on 15th of February 2016.

WHAT DOES THE SYSTEM DO?

- 2) NBB-SSS pays on ISD 15/02/2016 € 45 000 to the seller A for his position in ISIN ABC. This PFOD will contain corp reference BEMATU.
- 3a) NBB-SSS will cancel the sell instruction 1a) from the seller
- 3b) NBB-SSS will cancel the buy instruction 1b) from the buyer
- 4a) NBB-SSS will create transformation PFOD of 1a) debiting the seller and crediting the buyer with the remaining value, being nominal times poolfactor times redemption price (100%), being € 90 000 with TD 02/02/2015 and ISD 15/02/2016 and reference CORP://BEMATU
- 4b) NBB-SSS will create transformation PFOD of 1b) debiting the buyer and crediting the seller with the cash amount of the settlement transaction dating 10/2/2015, being € 100 900 with TD 2/02/2015 and ISD 15/02/2016 and reference CORP://BEMATU - link WITH 4a)

IMPORTANT REMARK: In case of a FOP, all but 4b) remain in place.
Market claims

Scenario 2A: market claims:
seller = X-account buyer = N-account

1a) A sells ABC to B DVP
Nominal €100 000 Cash €100 000
TD 02/02/2015 ISO 16/02/2015

N-account
B: buyer

Corporate action
BECOU1: coupon (1% yearly)
15/02/2015 (Sunday)
CORP:/BECOU1
(*) E246 is the bonification for WT until
10/02/2015
BEPOO1: poolfactor movement from 1
to 0.9
BECOU2: coupon (1% yearly) 15/02/
2016 (Monday)
CORP:/BECOU2
**SCENARIO 2A: MARKET CLAIMS: SELLER = X-ACCOUNT - BUYER = N-ACCOUNT - ISIN IN €**

1a) Seller A (X-account) commits on trade date 02/02/2015 to sell €100 000 of nominal of isin ABC to buyer B (N-account) with settlement date 10/02/2015.

1b) Buyer B (N-account) commits on trade date 02/02/2015 to buy €100 000 of nominal of isin ABC from seller A (X-account) with settlement date 10/02/2015. These instructions match but do not settle.

1c) NBB-SSS automatically attaches a bonification transaction of €246 paid by MinFin to buyer (with tax date equaling ISD 10/02/2015) LINK WITH 1b).

This sale doesn’t settle and the pending transaction surpasses a coupon date of 15th of February 2015 (1% yearly). The coupon payment with ISD 16/02/2015 contains the corp reference BECOU1.

The transaction keeps on pending and even surpasses the second and last coupon BECOU2 on 15th of February 2016.

**WHAT DOES THE SYSTEM DO?**

2) NBB-SSS pays on ISD 16/02/2015 €500 coupon to the seller A for his position in ISIN ABC

3a) NBB-SSS will generate a market claim, reimbursing the coupon not received by the buyer, through a €1 000 Payment Free Of Delivery, trade date 02/02/2015 (referring to the initial sale) and intended settlement date equal to the coupon payment date (16/02/2015). This market claim will contain the corp reference BECOU1.

3b) as buyer B intended to hold this position of €100 000 of isin ABC on an N-account, a withholding tax is due, and NBB-SSS will generate a Payment Free Of Delivery, trade date 02/02/2015 (referring to the initial sale) and intended settlement date equal to the payment date of the coupon (16/02/2015).

This PFOD will be linked with the 3a) market claim and contain corp reference BECOU1.

On 15/02/2015 there is also a poolfactor depreciation, this is treated in transformation scenario 2B. Poolfactor goes from 1 to 0.9, so coupons will also drop 10% in value.

This sale keeps on pending and the transaction surpasses a second coupon date of 15th of February (1% yearly) 2016. The coupon payment with ISD 15/02/2016 contains the corp reference BECOU2

4) NBB-SSS will generate a market claim, reimbursing the coupon not received by the buyer, through a €900 Payment Free Of Delivery, trade date 02/02/2015 (referring to the initial sale) and intended settlement date equal to the coupon payment date (15/02/2016). This market claim will contain the corp reference BECOU2.

5a) as buyer B intended to hold this position of €100 000 of isin ABC on an N-account, a withholding tax is due, and NBB-SSS will generate a Payment Free Of Delivery, trade date 02/02/2015 (referring to the initial sale) and intended settlement date equal to the payment date of the coupon (15/02/2016). This PFOD will be linked with the 5a) market claim and contain corp reference BECOU2.

**IMPORTANT REMARK:** the exact same method is applied if the transaction were a FOP instead of a DVP.
**Scenario 2B: transformation on a poolfactor date**

**Seller = X-account – Buyer = N-account**

1a) A sells ISIN ABC to B DVP
   Nominal €100,000 Cash €100,900
   TD 02/02/2015 ISO 19/02/2015

1b) B uses ISIN ABC from DVP
   Nominal €100,000 Cash €100,900
   TD 02/02/2015 ISO 19/02/2015

2a) €10,000 poolfactor
   ISO 19/02/2015 (Monday)
   CORP BEPO01

2b) €10,000 poolfactor
   ISO 15/02/2015 (Monday)
   CORP BEPO01

This doesn’t settle!

3a) Transformation: CORP BEPO01
    POFO of €10,000 from Seller to Buyer
    TD 02/02/2015 ISO 19/02/2015

3b) POFO of €10,000
    TD 02/02/2015 ISO 19/02/2015

**Corporate action**

BECOU1: coupon (1% yearly)
15/02/2015 (Sunday)
CORP / BECOU1

BEPO01: poolfactor movement from 1 to 6.9
15/02/2015 (Sunday)
CORP / BEPO01

BECOU2: coupon (1% yearly) 15/02/2016 (Monday)
CORP / BECOU2
SCENARIO 2B: TRANSFORMATION ON A POOLFACTOR

SELLER = X-ACCOUNT - BUYER = N-ACCOUNT - ISIN IN €

1) Seller A (X-account) commits on trade date 02/02/2015 to sell €100,000 of nominal of isin ABC to buyer B (N-account) against €100,900 with settlement date 10/02/2015.

This sale doesn’t settle (seller only has a position of €50,000) and the pending transaction has surpassed a poolfactor date of 15th of February (10% decline of the nominal).

WHAT DOES THE SYSTEM DO?

2) NBB-SSS pays on ISD 16/02/2015 €5,000 of poolfactor to the seller A for his position in ISIN ABC. This PFOD will contain corp reference BEPOO1.

3) NBB-SSS will generate a transformation, reimbursing the poolfactor not received by the buyer, through a €10,000 Payment Free Of Delivery, trade date 02/02/2015 (referring to the initial sale) and intended settlement date equal to the poolfactor payment date (16/02/2015). This PFOD will contain corp reference BEPOO1.
Scenario 2C: transformation on maturity
Seller = X-account – Buyer = N-account
SCENARIO 2C: TRANSFORMATION ON A MATURITY DATE

SELLER = X-ACCOUNT - BUYER = N-ACCOUNT - ISIN IN €

- Seller A (X-account) commits on trade date 02/02/2015 to sell € 100 000 of nominal of isin ABC to buyer B (also N-account) against € 100 900 with settlement date 10/02/2015.

This sale doesn’t settle (seller only has a position of € 50 000) and the pending transaction has surpassed a poolfactor date of 15th of February (10 % decline of the nominal).

Now the ISIN comes to maturity on 15th of February 2016.

WHAT DOES THE SYSTEM DO?

- 2) NBB-SSS pays on ISD 15/02/2016 € 45 000 to the seller A for his position in ISIN ABC. This PFOD will contain corp reference BEMATU.

- 3a) NBB-SSS will cancel the sell instruction 1a) from the seller

- 3b) NBB-SSS will cancel the buy instruction 1b) from the buyer

- 3c) NBB-SSS will cancel the bonification instruction 1c) that was linked to 1b)

- 4a) NBB-SSS will create transformation PFOD of 1a) debiting the seller and crediting the buyer with the remaining value, being nominal times poolfactor times redemption price (100%), being € 90 000 with TD 02/02/2015 and ISD 15/02/2016 and reference CORP://BEMATU

- 4b) NBB-SSS will create transformation PFOD of 1b) debiting the buyer and crediting the seller with the cash amount of the settlement transaction dating 10/2/2015, being € 100 900 with TD 2/02/2015 and ISD 15/02/2016 and reference CORP://BEMATU - link WITH 4a)

- 4c) NBB-SSS will recreate the PFOD of 1c) crediting the buyer with the bonification that was due on 10/02/2015, being € 246 with TD 2/02/2015 and ISD 15/02/2016 and reference CORP://BEMATU - link WITH 4b)

IMPORTANT REMARK: In case of a FOP, all but 4b) remain in place and 4c) will not have a link.
**Market claims**

**Scenario 3A: market claims:**

**seller = N-account buyer = X-account**

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**Corporate action**

- **BECOU1**: coupon (1% yearly) 15/02/2015 (Sunday)
  - CORP://BECOU1
- **BEPOO1**: poolfactor movement from 1 to 0.9
- **BECOU2**: coupon (1% yearly) 15/02/2016 (Monday)
  - CORP://BECOU2
SCENARIO 3A: MARKET CLAIM

SELLER = N-ACCOUNT - BUYER = X-ACCOUNT - ISIN IN €

1a) Seller A (N-account) commits on trade date 02/02/2015 to sell € 100 000 of nominal of isin ABC to buyer B (X-account) with settlement date 10/02/2015.

1b) Buyer B (X-account) commits on trade date 02/02/2015 to buy € 100 000 of nominal of isin ABC from seller A (N-account) with settlement date 10/02/2015. These instructions match but do not settle.

1c) NBB-SSS automatically attaches a WT transaction of € 246 paid by the seller to MinFin (with tax date equaling ISD 10/02/2015) LINK WITH 1a)

This sale doesn’t settle and the pending transaction surpasses a coupon date of 15th of February 2015 (1 % yearly). The coupon payment with ISD 16/02/2015 contains the corp reference BECOU1.

The transaction keeps on pending and even surpasses the second and last coupon BECOU2 on 15th of February 2016.

WHAT DOES THE SYSTEM DO?

2a) NBB-SSS pays on ISD 16/02/2015 € 500 coupon to the seller A for his position in ISIN ABC

2b) as this position is on an N-account, NBB-SSS will automatically generate € 125 withholding tax through a Payment Free Of Delivery on this € 500 coupon. This PFOD will contain corp reference BECOU1 on the corporate action. Link WITH 2a).

3a) NBB-SSS will generate a market claim, reimbursing the coupon not received by the buyer, through a € 1 000 Payment Free Of Delivery, trade date 02/02/2015 (referring to the initial sale) and intended settlement date equal to the coupon payment date (16/02/2015). This market claim will contain the corp reference BECOU1.

3b) if seller A would have received the coupon on the € 100 000 nominal he would have received € 1 000 minus € 250 WT, so as he now has to ‘pay’ € 1 000 to buyer B, seller A receives a bonification of € 250. NBB-SSS will generate a Payment Free Of Delivery, trade date 02/02/2015 (referring to the initial sale) and intended settlement date equal to the payment date of the coupon (16/02/2015). This PFOD will be linked with the 3a) market claim and contain corp reference BECOU1.

On 15/02/2015 there is also a poolfactor depreciation, this is treated in transformation scenario 3B. Poolfactor goes from 1 to 0.9, so coupons will also drop 10 % in value. This sale keeps on pending and the transaction surpasses a second coupon date of 15th of February (1 % yearly) 2016. The coupon payment with ISD 15/02/2016 contains the corp reference BECOU2

4a) NBB-SSS pays on ISD 15/02/2016 € 450 coupon to the seller A for his position in ISIN ABC

4b) as this position is on an N-account, NBB-SSS will automatically generate € 112.5 withholding tax through a Payment Free Of Delivery on this € 450 coupon. This PFOD will contain corp reference BECOU2 on the corporate action. Link WITH 4a).

5a) NBB-SSS will generate a market claim, reimbursing the coupon not received by the buyer, through a € 900 Payment Free Of Delivery, trade date 02/02/2015 (referring to the initial sale) and intended settlement date equal to the coupon payment date (15/02/2016). This market claim will contain the corp reference BECOU2.

5b) if seller A would have received the coupon on the € 100 000 nominal he would have received € 900 minus € 225 WT, so as he now has to ‘pay’ € 900 to buyer seller A receives a bonification of € 225. NBB-SSS will generate a Payment Free Of Delivery, trade date 02/02/2015 (referring to the initial sale) and intended settlement date equal to the payment date of the coupon (16/02/2016). This PFOD will be linked with the 5a) market claim and contain corp reference BECOU2.

IMPORTANT REMARK: the exact same method is applied if the transaction were a FOP instead of a DVP.
Transformation

Scenario 3B: transformation on a poolfactor date
Seller = N-account – Buyer = X-account

Corporate action
BECOU1: coupon (1% yearly)
15/02/2015 (Sunday)
CORP.:/BECOU1

BECOU2: coupon (1% yearly) 15/02/2016 (Monday)
CORP.:/BECOU2
SCENARIO 3B: TRANSFORMATION ON A POOLFACTOR

SELLER = N-ACCOUNT - BUYER = X-ACCOUNT - ISIN IN €

1) Seller A (N-account) commits on trade date 02/02/2015 to sell €100 000 of nominal of isin ABC to buyer B (X-account) against €100 900 with settlement date 10/02/2015.

   This sale doesn't settle (seller only has a position of €50 000) and the pending transaction has surpassed a poolfactor date of 15th of February (10% decline of the nominal).

WHAT DOES THE SYSTEM DO?

2) NBB-SSS pays on ISD 16/02/2015 €5 000 of poolfactor to the seller A for his position in ISIN ABC. This PFOD will contain corp reference BEPOO1.

3) NBB-SSS will generate a transformation, reimbursing the poolfactor not received by the buyer, through a €10 000 Payment Free Of Delivery, trade date 02/02/2015 (referring to the initial sale) and intended settlement date equal to the poolfactor payment date (16/02/2015). This PFOD will contain corp reference BEPOO1.
Transformation

Scenario 3C: transformation on maturity
Seller = N-account – Buyer = X-account

Corporate action
BECOU1: coupon (1% yearly)
15/02/2015 (Sunday)
CORP://BECOU1

BEPO01: poolfactor movement from 1 to 0.9
15/02/2015 (Sunday)
CORP://BEPO01

BECOU2: coupon (1% yearly) 15/02/2016 (Monday)
CORP://BECOU2

BEMATU: maturity 15/02/2016
CORP://BEMATU
SCENARIO 3C: TRANSFORMATION ON A MATURITY DATE

SELLER = N-ACCOUNT - BUYER = X-ACCOUNT - ISIN IN €

- Seller A (N-account) commits on trade date 02/02/2015 to sell €100 000 of nominal of isin ABC to buyer B (Xaccount) against €100 900 with settlement date 10/02/2015. This sale doesn’t settle (seller only has a position of €50 000) and the pending transaction has surpassed a poolfactor date of 15th of February (10 % decline of the nominal).

Now the ISIN comes to maturity on 15th of February 2016.

WHAT DOES THE SYSTEM DO?

- 2) NBB-SSS pays on ISD 15/02/2016 €45 000 to the seller A for his position in ISIN ABC. This PFOD will contain corp reference BEMATU.
- 3a) NBB-SSS will cancel the sell instruction 1a) from the seller
- 3b) NBB-SSS will cancel the buy instruction 1b) from the buyer
- 3c) NBB-SSS will cancel the WT instruction 1c) that was linked to 1a)
- 4a) NBB-SSS will create transformation PFOD of 1a) debiting the seller and crediting the buyer with the remaining value, being nominal times poolfactor times redemption price (100%), being €90 000 with TD 02/02/2015 and ISD 15/02/2016 and reference CORP://BEMATU
- 4b) NBB-SSS will create transformation PFOD of 1b) debiting the buyer and crediting the seller with the cash amount of the settlement transaction dating 10/2/2015, being €100 900 with TD 2/02/2015 and ISD 15/02/2016 and reference CORP://BEMATU - link WITH 4a)

IMPORTANT REMARK: In case of a FOP, all but 4b) remain in place.
Market claims

Scenario 4A: market claims between 2 N-accounts

Corporate action

BECOU1: coupon (1% yearly) 15/02/2015 (Tuesday)
CORP.:BECOU1
(*) €246 is the bonification for WT until 10/02/2015

BEPOU1: poolfactor movement from 1 to 0.9
BECOU2: coupon (1% yearly) 15/02/ 2016 (Monday)
CORP.:BECOU2
**SCENARIO 4A: MARKET CLAIMS BETWEEN 2 N-ACCOUNT**

1a) Seller A (N-account) commits on trade date 02/02/2015 to sell €100,000 of nominal of isin ABC to buyer B (also N-account) with settlement date 10/02/2015.

1b) Buyer B (N-account) commits on trade date 02/02/2015 to buy €100,000 of nominal of isin ABC from seller A (also N-account) with settlement date 10/02/2015.

These instructions match but do not settle.

1c) NBB-SSS automatically attaches a WT transaction of €246 paid by the seller to MinFin (with tax date equalling ISD 10/02/2015).

1d) NBB-SSS automatically attaches a bonification transaction of €246 paid by MinFin to buyer (with tax date equaling ISD 10/02/2015).

This sale doesn’t settle and the pending transaction surpasses a coupon date of 15th of February 2015 (1% yearly). The coupon payment with ISD 16/02/2015 contains the corp reference BECOU1.

The transaction keeps on pending and even surpasses the second and last coupon BECOU2 on 15th of February 2016.

**WHAT DOES THE SYSTEM DO?**

2a) NBB-SSS pays on ISD 16/02/2015 €500 coupon to the seller A for his position in ISIN ABC.

2b) as this position is on an N-account, NBB-SSS will automatically generate €125 withholding tax through a Payment Free Of Delivery on this €500 coupon. This PFOD will contain corp reference BECOU1 on the corporate action. Link with 2a)

3a) NBB-SSS will generate a market claim, reimbursing the coupon not received by the buyer, through a €1,000 Payment Free Of Delivery, trade date 02/02/2015 (referring to the initial sale) and intended settlement date equal to the coupon payment date (16/02/2015). This market claim will contain the corp reference BECOU1.

3b) as buyer B intended to hold this position of €100,000 of isin ABC on an N-account, a withholding tax is due, and NBB-SSS will generate a Payment Free Of Delivery, trade date 02/02/2015 (referring to the initial sale) and intended settlement date equal to the payment date of the coupon (16/02/2015). This PFOD will be linked with the 3a) market claim and contain corp reference BECOU1.

3c) if seller A would have received the coupon on the €100,000 nominal he would have received €1,000 minus €250 WT, so as he now has to ‘pay’ €1,000 to buyer B, seller A receives a bonification of €250. NBB-SSS will generate a Payment Free Of Delivery, trade date 02/02/2015 (referring to the initial sale) and intended settlement date equal to the payment date of the coupon (16/02/2015). This PFOD will be linked with the 3a) market claim and contain corp reference BECOU1.

On 15/02/2015 there is also a poolfactor depreciation, this is treated in transformation scenario 4B. Poolfactor goes from 1 to 0.9, so coupons will also drop 10% in value. This sale keeps on pending and the transaction surpasses a second coupon date of 15th of February (1% yearly) 2016. The coupon payment with ISD 15/02/2016 contains the corp reference BECOU2

4a) NBB-SSS pays on ISD 15/02/2016 €450 coupon to the seller A for his position in ISIN ABC

4b) as this position is on an N-account, NBB-SSS will automatically generate €112.5 withholding tax through a Payment Free Of Delivery on this €450 coupon. This PFOD will contain corp reference BECOU2 on the corporate action. Link WITH 4a).

5a) NBB-SSS will generate a market claim, reimbursing the coupon not received by the buyer, through a €900 Payment Free Of Delivery, trade date 02/02/2015 (referring to the initial sale) and intended settlement date equal to the coupon payment date (15/02/2016). This market claim will contain the corp reference BECOU2.

5b) as buyer B intended to hold this position of €100,000 of isin ABC on an N-account, a withholding tax is due, and NBB-SSS will generate a Payment Free Of Delivery, trade date 02/02/2015 (referring to the initial sale) and intended settlement date equal to the payment date of the coupon (15/02/2016). This PFOD will be linked with the 5a) market claim and contain corp reference BECOU2.

5c) if seller A would have received the coupon on the €100,000 nominal he would have received €900 minus €225 WT, so as he now has to ‘pay’ €900 to buyer seller A receives a bonification of €225. NBB-SSS will generate a Payment Free Of Delivery, trade date 02/02/2015 (referring to the initial sale) and intended settlement date equal to the payment date of the coupon (16/02/2016). This PFOD will be linked with the 5a) market claim and contain corp reference BECOU2.

IMPORTANT REMARK: the exact same method is applied if the transaction were a FOP instead of a DVP.
Transformation

Scenario 4B: transformation on a pool factor date
Seller = N-account – Buyer = N-account

1a) A sells SN ABC to B DvP
Nominal €100 000 Cash €100 000
TD 02/02/2015 ISD 10/02/2015

This doesn’t settle!

1b) B buys SN ABC from A DvP
Nominal €100 000 Cash €100 000
TD 02/02/2015 ISD 10/02/2015

Corporate action
BECOU1: coupon (1% yearly)
15/02/2018 (Sunday)
CORP: //BECOU1

BEPO01: pool factor movement from 1 to 0.9
15/02/2016 (Monday)
CORP: //BEPO01

BECOU2: coupon (1% yearly) 15/02/2016 (Monday)
CORP: //BECOU2
SCENARIO 4B: TRANSFORMATION ON A POOLFACTOR BETWEEN 2 N-ACCOUNTS - ISIN IN €

1) Seller A (N-account) commits on trade date 02/02/2015 to sell € 100 000 of nominal of isin ABC to buyer B (N-account) against € 100 900 with settlement date 10/02/2015.

This sale doesn't settle (seller only has a position of € 50 000) and the pending transaction has surpassed a poolfactor date of 15th of February (10% decline of the nominal).

WHAT DOES THE SYSTEM DO?

2) NBB-SSS pays on ISD 16/02/2015 € 5 000 of poolfactor to the seller A for his position in ISIN ABC. This PFOD will contain corp reference BEPOO1.

3) NBB-SSS will generate a transformation, reimbursing the poolfactor not received by the buyer, through a € 10 000 Payment Free Of Delivery, trade date 02/02/2015 (referring to the initial sale) and intended settlement date equal to the poolfactor payment date (16/02/2015). This PFOD will contain corp reference BEPOO1.
**Scenario 4C: transformation on maturity**

**Seller = N-account – Buyer = N-account**

**Transformation**

1a) A sells ISIN ABC to B DVP
   Nominal €100 000 Cash €100 000
   TD 02/02/2015 ISO 10/02/2015

1b) B buys ISIN ABC from A DVP
   Nominal €100 000 Cash €100 000
   TD 02/02/2015 ISO 10/02/2015

2a) €65 000
   ISO 16/02/2015 (Monday)
   CORP./BEMATU

3a) Cancel 1a)

3b) Cancel 1b)

4a) Transformation of 1c) Wt of €246
   TD 02/02/2015 ISO 10/02/2015
   CORP./BEMATU

4b) Transformation of 1d) Bonification of €246
   TD 02/02/2015 ISO 10/02/2015
   CORP./BEMATU

Corporate action

BECOU1: coupon (1% yearly)
15/02/2015 (Sunday)
CORP./BECOU1

BEPOO1: poolfactor movement from 1 to 0.9
15/02/2015 (Sunday)
CORP./BEPOO1

BECOU2: coupon (1% yearly) 15/02/2016 (Monday)
CORP./BECOU2

BEMATU: maturity 15/02/2016
CORP./BEMATU
SCENARIO 4C: TRANSFORMATION ON A MATURITY DATE BETWEEN 2 N-ACCOUNTS - ISIN IN €

1) Seller A (N-account) commits on trade date 02/02/2015 to sell € 100 000 of nominal of isin ABC to buyer B (also N-account) against € 100 900 with settlement date 10/02/2015.

This sale doesn’t settle (seller only has a position of € 50 000) and the pending transaction has surpassed a poolfactor date of 15th of February (10% decline of the nominal).

Now the ISIN comes to maturity on 15th of February 2016.

WHAT DOES THE SYSTEM DO?

2) NBB-SSS pays on ISD 15/02/2016 € 45 000 to the seller A for his position in ISIN ABC. This PFOD will contain corp reference BEMATU.

3a) NBB-SSS will cancel the sell instruction 1a) from the seller

3b) NBB-SSS will cancel the buy instruction 1b) from the buyer

3c) NBB-SSS will cancel the WT instruction 1c) that was linked to 1a)

3d) NBB-SSS will cancel the bonification instruction 1d) that was linked to 1b)

4a) NBB-SSS will create transformation PFOD of 1a) debiting the seller and crediting the buyer with the remaining value, being nominal times poolfactor times redemption price (100 %), being € 90 000 with TD 02/02/2015 and ISD 15/02/2016 and reference CORP://BEMATU

4b) NBB-SSS will create transformation PFOD of 1b) debiting the buyer and crediting the seller with the cash amount of the settlement transaction dating 10/2/2015, being € 100 900 with TD 2/02/2015 and ISD 15/02/2016 and reference CORP://BEMATU - link WITH 4a)

4c) NBB-SSS will recreate the PFOD of 1c) debiting the seller with the WT that was due on 10/02/2015, being € 246 with TD 2/02/2015 and ISD 15/02/2016 and reference CORP://BEMATU - link WITH 4a)

4d) NBB-SSS will recreate the PFOD of 1d) crediting the buyer with the bonification that was due on 10/02/2015, being € 246 with TD 2/02/2015 and ISD 15/02/2016 and reference CORP://BEMATU - link WITH 4b)

IMPORTANT REMARK: In case of a FOP, all but 4b) remain in place. 4d) will have no link.
Market claims

Scenario 5A: market claims in case of foreign currency assets

1a) A sells EUR DEV to B DvP
   Nominal $100,000
   cash €120,000
   TD 02/02/2015 ISO 10/02/2015

1b) B buys EUR DEV from A DvP
   Nominal $100,000
   cash €120,000
   TD 02/02/2015 ISO 10/02/2015

This doesn't settle!

market claims in case of foreign currency assets: NOT APPLICABLE!

Corporate action
- coupon (1% yearly)
  15/02/2015 (Sunday)
  paid OUTSIDE of NBB-SSS system

Exchange rate:
- published by ECB at 13/02/2015 2PM
- 1€ = 2$
**SCENARIO 5A: MARKET CLAIMS: ISIN IN NON-€**

- 1a) Seller A (N-account) commits on trade date 02/02/2015 to sell $100,000 of nominal of isin DEV to buyer B (N-account) with settlement date 10/02/2015 against €120,000 cash.

- 1b) Buyer B (N-account) commits on trade date 02/02/2015 to buy $100,000 of nominal of isin DEV from seller A (N-account) with settlement date 10/02/2015 against €120,000 cash.
  
  These instructions match but do not settle.

  The pending transaction surpasses a coupon payment date on the 15th of February (1% yearly).

**WHAT DOES THE SYSTEM DO?**

- 2) If the seller is an N-account NBB-SSS automatically retrieves €62.5 withholding taxes from Seller A on coupon date. Exchange rate used is the one published by the ECB the previous working day.

  Market claims are not applicable here.

  In case of seller = X-account: no 2) is generated

  The type of account of the buyer (X or N has no impact in this model)
Scenario 5B/5C: transformation on a poolfactor/on a maturity date non Euro currency ISIN

1a) A sells ISIN DEV to B DVP
Nominal $100,000 Cash €100,000
TD 02/02/2015 RSD 10/02/2015

1b) B buys ISIN DEV from A DVP
Nominal $100,000 Cash €100,000
TD 02/02/2015 RSD 10/02/2015

This doesn't settle!

2a) Cancel 1a)

2b) Cancel 1b)
**SCENARIO 5B: TRANSFORMATION ON A POOLFACTOR DATE**

**ISIN IN NON €**

- Seller A (N-account) commits on trade date 02/02/2015 to sell $100 000 of nominal of isin DEV to buyer B (X-account) against € 120 000 with settlement date 10/02/2015.

This sale doesn’t settle (seller only has a position of € 50 000) and the pending transaction has surpassed a poolfactor date of 15th of February (10% decline of the nominal).

**WHAT DOES THE SYSTEM DO?**

Poolfactor nor transformation are applicable in this model

**SCENARIO 5C: TRANSFORMATION ON A MATURITY DATE BETWEEN 2 X-ACCOUNTS - ISIN IN NON €**

- Seller A (N-account) commits on trade date 02/02/2015 to sell $100 000 of nominal of isin DEV to buyer B (N-account) against € 120 000 with settlement date 10/02/2015.

This sale doesn’t settle (seller only has a position of $ 50 000) and the pending transaction has surpassed a poolfactor date of 15th of February (10% decline of the nominal).

Now the ISIN comes to maturity on 15th of February 2016.

**WHAT DOES THE SYSTEM DO?**

- 2a) NBB-SSS automatically generates a cancelation instruction for instruction 1a)
- 2b) NBB-SSS automatically generates a cancelation instruction for instruction 1b)
Scenario 6ABC: OPT OUT: market claims and transformation on poolfactor and maturity Seller = N-account – Buyer = N-account – isin in €
SCENARIO 6ABC: MARKET CLAIMS AND TRANSFORMATION ON POOLFACTOR AND MATURITY - ISIN IN € - OPT OUT

- Seller A (N-account) commits on trade date 02/02/2015 to sell € 100 000 of nominal of isin ABC to buyer B (N-account) against € 100 900 with settlement date 10/02/2015. Both instructions mention to OPT-OUT. This sale doesn’t settle (seller only has a position of € 50 000). Now the ISIN comes to maturity on 15th of February 2016.

WHAT DOES THE SYSTEM DO?

on coupon dates:
- 2a) NBB-SSS pays on ISD 16/02/2015 € 500 coupon to the seller A for his position in ISIN ABC. This PFOD will contain corp reference BECOU1.
- 2b) as this position is on an N-account, NBB-SSS will automatically generate € 125 withholding tax through a Payment Free Of Delivery on this € 500 coupon. This PFOD will contain corp reference BECOU1 on the corporate action. Link with 2a)
- 4) NBB-SSS pays on ISD 15/02/2016 € 450 coupon to the seller A for his position in ISIN ABC. This PFOD will contain corp reference BECOU2.
- 4b) as this position is on an N-account, NBB-SSS will automatically generate € 112.5 withholding tax through a Payment Free Of Delivery on this € 450 coupon. This PFOD will contain corp reference BECOU2 on the corporate action. Link with 4a).
- NO market claims will be created on poolfactor date:
  - 3) NBB-SSS pays on ISD 16/02/2015 € 5 000 of poolfactor to the seller A for his position in ISIN ABC. This PFOD will contain corp reference BEPOO1.
  - NO poolfactor transformations will be created

On maturity date:
- 5) NBB-SSS pays on ISD 15/02/2016 € 45 000 to the seller A for his position in ISIN ABC. This PFOD will contain corp reference BEMATU.
- 6a) NBB-SSS will cancel the sell instruction 1a) from the seller.
- 6b) NBB-SSS will cancel the buy instruction 1b) from the buyer.
- 6c) NBB-SSS will cancel the WT instruction 1c) that was linked to 1a).
- 6d) NBB-SSS will cancel the bonification instruction 1d) that was linked to 1b).
8. Stripping and reconstitution

In order to increase the liquidity of the market for linear government bonds (OLOs), these bonds can be stripped. This stripping implies that the capital and the coupons of an OLO are defragmented into separately tradable zero-coupon bonds, called strips, which can be fungible (if their maturity dates and issuance types match). Reconstitution is the inverse movement, where these strips are used to recreate on original OLO.

Stripping or reconstitution can only be requested by primary dealers and recognized dealers and will be executed by NBB-SSS by means of linked FOP transactions.

To convert the old principal into new strip, primary/recognized dealers will have to send “CONV” instructions to the NBB-SSS.

8.1. Stripping

The primary dealer or recognized dealer takes the first step, by sending a stripping request (StR) for an OLO to NBB-SSS. Then NBB-SSS will validate the StR and will - after acceptance of the StR - generate the delivery transactions of the strips as already matched transactions. NBB-SSS will then generate the instructions related to the creation of the strips and the destruction of the OLO. These instructions will have the same pool reference, so they can only settle together. Afterwards, NBB-SSS matches the StR with a matching instruction containing the same pool reference. Once the participant has the required amount of OLOs on its account, all of these instructions will settle on an all-or-none basis (linked WITH instructions).

For more technical details, please revert to Annex 2. Examples of messages are provided in the annex of the Swift User Guide.

8.2. Reconstitution

For reconstitution, the primary dealer or recognized dealer has to send a reconstitution request (RECE, FREE) of the OLO to NBB-SSS. The latter will then generate all required transactions to transfer the according strips to the Belgian Treasury, their destruction and the creation of the OLO. These instructions will have the same pool reference, so they can only settle together. Afterwards, NBB-SSS matches the reconstitution request with a matching instruction containing the same pool reference. Once the participant has the required amounts of the strips on its account, all of these instructions will settle on an all-or-none basis (linked WITH instructions). Examples of messages are provided in an annex of the Swift User Guide.

8.3. Conversion

For the conversion of an old Principal to the equivalent new strips, the process is adapted to be T2S compatible as from phase 1. It relies on the 3 following steps:

- The primary or recognized dealer sends an instruction to the NBB. This instruction has the following characteristics: DELI, Receiving party: NBBEBEBBB216, ISIN is equal to old PO, ISO transaction code is CONV, NOMC and NPAR;
- The NBB-SSS matches the instruction;
- As soon as the securities are delivered to the NBB-SSS, the NBB-SSS creates the new strips on the account of the Primary or Recognised dealer. This already matched instruction has the following properties: RECE, your account, ISIN is new strips, ISO transaction ISSU, NOMC and NPAR. The common trade reference is the reference of the request of conversion.

Since 2013 fungibility is no longer only defined by the maturity date.
This chapter describes the testing plan for the new software launched in phase 1. For more detailed information, please refer to the RAMSES Test Guide on SharePoint.

Testing is organized in different stages, where a new level is only tested when the previous level is cleared of errors.

The different stages are:
- Connectivity tests;
- Bilateral tests (FOP and DVP transactions between the participants and the NBB-SSS);
- Multilateral tests (between different participants);
- Community tests (all participants);
- Testing of new functions (example: market claims);
- Testing of special time periods and exceptions (for example: market claims over the Easter weekend);
- Testing of the migration weekend (migrating all production data to a test environment - first in slow motion, later in realtime);

In parallel, participants can test in free testing mode.

The NBB-SSS set up two testing environments devoted to test the functionalities available in phase 1.

### 9.1. Bilateral, multilateral and community testing

The test environment is available from February 2014 till December 2016.

In January 2014, the participants have the possibility to ensure all connectivity tests. Bilateral testing starts in February 2014. The NBB-SSS replicates in this environment a limited set of static data and balances to enable its participants to test.

The “Test & Training” BIC of the NBB-SSS for this phase is NBBEBEB0M12.

As from September 2014, community testing will also be possible.

### 9.2. Migration testing

During the period October - November 2014, the migration week-end will be simulated multiple times during dedicated week-ends.

The “Test & Training” BIC of the NBB-SSS for this phase will be NBBEBEB0M13.

For Phase 2, the NBB-SSS will also create dedicated testing environments to test the connection to T2S. This will be done according to the T2S requirements.

### 9.3. Test cases

Participants need to successfully test mandatory test cases for certification to be allowed in the production environment to ensure that their infrastructure can cope with the new standards. The set of mandatory test cases is a strict minimum. The Certification form (annex to the RAMSES Test Guide) holds recommended test cases as well.
In the test environment the NBB-SSS creates mock ISINs and adds some ISINs copied from production.

The participants test in ISO 15022 or ISO 20022 according to the targeted set-up. All participants also need to test the mandatory GUI subscription.

9.4. Timing phase 1

**Figure 33:** Timing of the test periods

Period 0: 01-10-2013 till 31-12-2013: Distribution of RAMSES GUI connectivity tokens for the test environment
Period 1: 01-01-2014 till 31-01-2014: Connectivity testing
Period 2: 01-02-2014 till 01-06-2014: Bilateral interoperability testing
Period 3: 17-03-2014 till 30-06-2014: Multilateral interoperability testing
Period 4: 01-09-2014 till 30-11-2014: Community testing
Period 5: 01-10-2014 till 15-11-2014: Migration testing
10. Migration plan phase 1

This chapter describes the migration principles for the new software launched in phase 1.

10.1. Accounts

NBB-SSS will:
- Copy the account structure\(^{35}\) from the old system to the new system + idem for the link to the cash account;
- NBB-SSS’s aim is that the account numbers used in phase 1 are the same as those that will be used in T2S;
- Initialize the PoA, as in the old system.

10.2. Instructions

NBB-SSS will:
- Copy all the instructions from the old to the new platform;
- Keep the matching status from the old system (even if it does not fit with the new criteria). A matched instruction cannot get unmatched because of the software adaptation;
- All the existing instructions will be migrated with “no partial settlement”, “no hold” and “no market claims” set as default.

The references of migrated second leg Repos (generated by NBB-SSS) before migration date will be adapted to fit with the new reference rules (that ensure uniqueness):
- The reference of the Repo’s 2nd leg will be constructed based on the following structure: “NBBE” + Code number of the Participant + YY of the trade of the first leg + sending number.

Example: 
Participant 0100 has a first leg repo instruction with trade date 19/12/2013 with sending number 004832 and the NBB-SSS generated a second leg having a settlement date after the migration week-end. 
It will generate an Account Owner Reference equals to NBBE010013004832 for the second leg repo.

- The common trade reference will be the MITI of the instruction (as received by the participant in the MT548) before migration.
- A link AFTER the first leg.

10.3. Last business day before migration

On the evening of the migration to Ramses the old rules will still apply:
- recycling rules
- automatic cancellation of instructions
- generation of second leg repo
- generation of corporate action
- no market claims will be generated as all migrated instructions are considered as NOMC

---

\(^{35}\) Account structure ≠ account number structure!
10.4. Schedule of the migration weekend

Migration NBB-SSS to Ramses: SWIFT

Until Friday 30th January End Of Day (EOD)

1. Create Instruction
2. Instruction successfully stored

Friday After EOD until 8 PM

Do not send SWIFT messages anymore

Copy instructions to Ramses NO-market claims NO purging

Ramses Database

Friday After 8 PM – 9 PM

Sending SWIFT messages is allowed

Send MT548 – SME SME message of migrated pending Instructions

New SWIFT 15022

NEW SWIFT 20222

NEW SWIFT 15022

NEW SWIFT 20222

NEW SWIFT 15022

NEW SWIFT 20222

Saturday 31st of January 9 AM until 4 PM

Open SWIFT gateway

A1. Release queue OLD SWIFT 15022

A2. REJECT OLD SWIFT 15022

A3. REJECT OLD SWIFT 15022

A4. REJECT OLD SWIFT 15022

A5. REJECT OLD SWIFT 15022

A6. REJECT OLD SWIFT 15022

B1. NEW SWIFT 15022

B2. NEW SWIFT 15022

B3. confirm with NEW SWIFT 15022 MT548

B4. confirm with NEW SWIFT 20222

B5. confirm with NEW SWIFT 20222

B6. confirm with NEW SWIFT 20222

B7. confirm with NEW SWIFT 20222

B8. confirm with NEW SWIFT 20222

C1. Release Queue New SWIFT 15022

C2. Create Instruction

C3. Instruction successfully stored

C4. Instruction successfully stored

C5. Instruction successfully stored

C6. Instruction successfully stored

C7. Instruction successfully stored

Ramses Database
As from EOD Friday 28 November 2014 the old SWIFT 15022 messages, containing, among others, the old participant’s code, will be rejected by Ramses. Only new SWIFT 15022 and SWIFT 20022 messages will be accepted and queued until the NBB-SSS database has successfully been migrated to the Ramses database. After the database migration, the queue is released, with a result of Ramses responses sent to participants in the format they are defined in.

If a CCP has sent instructions for two other participants the CCP has a power of attorney for, the participants also receive the response in the format configured for the participant. In this case it can happen that a CCP (with ISO20022 configuration) sends two instructions (part A in ISO15022 config and part B in ISO20022 configuration) with ISO20022. On rejection, the CCP receives a rejection message in ISO20022, if successful, the participant A will receive a confirmation in 15022, where participant B will receive it in ISO20022 mode.

In the legacy system, transactions that are being recycled are actually cancelled and re-inserted with a new ISD and the original ISD is kept in the fiscal date field. This up to 5 days or until a corporate action occurs. As of the migration weekend, the ISD does not need to be ‘updated’ as ISDs in the past will be allowed. In this case, the fiscal date will be copied to the ISD of the recycled transaction that has not encountered the 5 days limit yet. As of then the transaction will be recycled until maturity date of the asset, unless the account set-up would declare otherwise.

Repos with a second leg after the migration weekend are migrated, but no retrocession of coupons will be executed anymore as from this moment on.

**Important notice:**

The decision was taken on 18 November 2014 to reschedule the migration weekend towards 29 January 2015 – 2 February 2015. The Detailed Migration Storyline must be read along the new schedule ceteris paribus.
### Friday January 30th

<table>
<thead>
<tr>
<th>Time</th>
<th>Event</th>
</tr>
</thead>
<tbody>
<tr>
<td>9:00 PM</td>
<td>Ramses GUI unavailable</td>
</tr>
<tr>
<td>8:30 PM</td>
<td>Green light for resuming migration weekend (mail) + Sending new instructions allowed to queue : gateway stays down, so no messages in/out</td>
</tr>
<tr>
<td>7:30 PM</td>
<td>Reroute SWIFT ISO15022 old to ISO15022 new</td>
</tr>
<tr>
<td>7:20 PM</td>
<td>Create SESE 024 messages on migrated pending instructions for 20022 participants and send to queue</td>
</tr>
<tr>
<td>7:20 PM</td>
<td>Create MT548 messages on migrated pending instructions for 15022 participants and send to queue</td>
</tr>
<tr>
<td>7:20 PM</td>
<td>Upload pending transactions in Ramses</td>
</tr>
<tr>
<td>6:40 PM</td>
<td>Make snapshot of Ramses</td>
</tr>
<tr>
<td>6:40 PM</td>
<td>Check loaded settled and cancelled transactions 30/01/2015</td>
</tr>
<tr>
<td>6:30 PM</td>
<td>Upload settled and cancelled transactions 30/01/2015</td>
</tr>
<tr>
<td>6:30 PM</td>
<td>Check loaded balances 30/01/2015</td>
</tr>
<tr>
<td>6:30 PM</td>
<td>Upload account balances 30/01/2015</td>
</tr>
<tr>
<td>6:15 PM</td>
<td>Offload pending and recycled instructions / corporate actions 30/01/2015</td>
</tr>
<tr>
<td>6:15 PM</td>
<td>Offload settled and cancelled transactions 30/01/2015</td>
</tr>
<tr>
<td>5:30 PM</td>
<td>Offload account balances 30/01/2015</td>
</tr>
<tr>
<td>6:15 PM</td>
<td>After COD: Close SWIFT gateway outgoing</td>
</tr>
<tr>
<td>4:00 PM</td>
<td>ECO Legacy System – send MT564</td>
</tr>
<tr>
<td>3:00 PM</td>
<td>Close SWIFT gateway INCOMING / mail to participants NOT to send instructions until further notice</td>
</tr>
<tr>
<td>11:00 AM</td>
<td>Check activity of the participants in Ramses – Contact participant if no activity found</td>
</tr>
<tr>
<td>9:00 AM</td>
<td>Check loaded balances and settled and cancelled transactions 29/01/2015</td>
</tr>
<tr>
<td>9:00 AM</td>
<td>Make a snapshot of Ramses</td>
</tr>
<tr>
<td>8:00 AM</td>
<td>Upload settled and cancelled transactions 29/01/2015</td>
</tr>
<tr>
<td>8:00 AM</td>
<td>Upload account balances 29/01/2015</td>
</tr>
<tr>
<td>8:00 AM</td>
<td>Ramses GUI available</td>
</tr>
</tbody>
</table>

### Thursday January 29th

<table>
<thead>
<tr>
<th>Time</th>
<th>Event</th>
</tr>
</thead>
<tbody>
<tr>
<td>8:00 AM</td>
<td>Ramses GUI unavailable</td>
</tr>
<tr>
<td>6:15 PM</td>
<td>Offload account balances 29/01/2015</td>
</tr>
<tr>
<td>6:15 PM</td>
<td>Offload settled and cancelled transactions 29/01/2015</td>
</tr>
<tr>
<td>11:30 AM</td>
<td>Check account balances and transactions Wednesday 29th January in Ramses</td>
</tr>
<tr>
<td>10:00 AM</td>
<td>Check Mail destinations in Ramses</td>
</tr>
<tr>
<td>10:00 AM</td>
<td>Offload Mail destinations from legacy system into Ramses</td>
</tr>
<tr>
<td>6:00 AM</td>
<td>Ramses GUI available</td>
</tr>
</tbody>
</table>
# Migration NBB-SSS to Ramses

**Saturday January 31st**

<table>
<thead>
<tr>
<th>Time</th>
<th>Activity</th>
</tr>
</thead>
<tbody>
<tr>
<td>4:00 PM</td>
<td>GUI unavailable</td>
</tr>
<tr>
<td>4:00 PM</td>
<td>Close of SWIFT gateway</td>
</tr>
<tr>
<td>12:00 AM</td>
<td>Start of day: generate Corporate action notifs (MT564) – Securities</td>
</tr>
<tr>
<td></td>
<td>balance custody report (MT535 - first day of month)</td>
</tr>
<tr>
<td>11:30 AM</td>
<td>Make a snapshot of Ramses</td>
</tr>
<tr>
<td>11:00 AM</td>
<td>Green light for resuming migration weekend (mail)</td>
</tr>
<tr>
<td>9:30 AM</td>
<td>Insert messages through GUI (until 11 AM) – if needed</td>
</tr>
<tr>
<td>9:00 AM</td>
<td>Activate ‘add message’ functionality for participants</td>
</tr>
<tr>
<td>9:00 AM</td>
<td>Check SWIFT reply messages</td>
</tr>
<tr>
<td>9:00 AM</td>
<td>Check pending instructions in Ramses / allegements / corporate actions</td>
</tr>
<tr>
<td>9:00 AM</td>
<td>Enter queue of the new MT15022 messages in Ramses + replies by Ramses</td>
</tr>
<tr>
<td>9:00 AM</td>
<td>Rejection of the OLD MT15022 messages by Ramses</td>
</tr>
<tr>
<td>9:00 AM</td>
<td>Enter queue of the MX20022 messages in Ramses + replies by Ramses</td>
</tr>
<tr>
<td>9:00 AM</td>
<td>Enter queue of the MT 548 messages on pending instructionscreated by Ramses on Friday</td>
</tr>
<tr>
<td>9:30 AM</td>
<td>Enter queue of the SESE.024 messages on pending instructionscreated by Ramses on Friday</td>
</tr>
<tr>
<td>9:00 AM</td>
<td>Open SWIFT gateway</td>
</tr>
<tr>
<td>8:00 AM</td>
<td>GUI available</td>
</tr>
</tbody>
</table>
**Migration NBB-SSS to Ramses**

### Monday February 2nd

<table>
<thead>
<tr>
<th>Time</th>
<th>Activity</th>
</tr>
</thead>
<tbody>
<tr>
<td>8:00 PM</td>
<td>Ramses GUI unavailable</td>
</tr>
<tr>
<td>6:00 PM</td>
<td>End of day send securities balance custody report (smct.02/MT535) – send securities transaction posting report (smct.017/MT536) – send securities settlement transaction status advice (sse.024/MT543) – send mails NONLIQ- LIQUID-SITACA-EPFAIL</td>
</tr>
<tr>
<td>6:00 PM</td>
<td>Start of Business day reporting – send securities transaction pending report (smct.018/MT537)</td>
</tr>
<tr>
<td>6:00 PM</td>
<td>FOP cut off</td>
</tr>
<tr>
<td>5:00 PM</td>
<td>Evaluation of the day so far (mail)</td>
</tr>
<tr>
<td>4:15 PM</td>
<td>Final DVP cut off – send securities balance custody report (smct.02/MT535) – send securities transaction posting report (smct.017/MT536) – send securities transaction pending report (smct.018/MT537) – mail XNNORM - XNCORR</td>
</tr>
<tr>
<td>4:00 PM</td>
<td>First DVP cut off</td>
</tr>
<tr>
<td>4:00 PM</td>
<td>End of third partial settlement window – send securities transaction pending report (SEMT.018 - MT537)</td>
</tr>
<tr>
<td>2:45 PM</td>
<td>Third partial settlement window – mail ‘UNMATCHED’</td>
</tr>
<tr>
<td>3:30 PM</td>
<td>Mail ‘SHORTS’</td>
</tr>
<tr>
<td>2:30 PM</td>
<td>Evaluation of the day so far (mail)</td>
</tr>
<tr>
<td>2:30 PM</td>
<td>Mail ‘SHORTS’</td>
</tr>
<tr>
<td>2:15 PM</td>
<td>End of second partial settlement window – send securities transaction pending report (SEMT.018 - MT537)</td>
</tr>
<tr>
<td>2:00 PM</td>
<td>Second partial settlement window – send mail UNMATC</td>
</tr>
<tr>
<td>1:30 PM</td>
<td>Mail ‘SHORTS’</td>
</tr>
<tr>
<td>12:30 AM</td>
<td>Mail ‘SHORTS’</td>
</tr>
<tr>
<td>12:00 AM</td>
<td>Second CA processing (12 AM) – send SEEV.036-MT566</td>
</tr>
<tr>
<td>11:00 AM</td>
<td>First CA processing (10 AM) – send SEEV.036-MT566</td>
</tr>
<tr>
<td>10:15 AM</td>
<td>End of first partial settlement window (7.15 AM) – send securities transaction pending report (SEMT.018 - MT537) – MAIL coupon payment/securities payment</td>
</tr>
<tr>
<td>10:00 AM</td>
<td>First partial settlement window (7 AM) – send mail UNMATC</td>
</tr>
<tr>
<td>09:15 AM</td>
<td>Start of business day – send CA notifs (SEEV.036-MT566) – start of settlement</td>
</tr>
<tr>
<td>09:00 AM</td>
<td>Give green light to start the settlement day (mail)</td>
</tr>
<tr>
<td>08:00 AM</td>
<td>Mail ‘SHORTS’</td>
</tr>
<tr>
<td>6:30 AM</td>
<td>Open SWIFT gateway</td>
</tr>
<tr>
<td>6:00 AM</td>
<td>Ramses GUI available</td>
</tr>
</tbody>
</table>
11. Testing plan phase 2

11.1. Testing environments

This chapter describes the testing planning for the migration towards T2S in phase 2.

Testing of T2S is subject to three testing stages:
- Internal Eurosystem testing;
- Testing by the individual NCBs and CSDs (bilateral and multilateral interoperability);
- Testing by CSDs/NCBs and participants (community and business day testing).

For the first two testing stages the NBB-SSS participants are not involved. These stages mainly concern the T2S Service readiness and its acceptance by the NCBs and the CSDs. In addition, CSDs and NCBs must prove their readiness through certification testing and bilateral/multilateral interoperability testing. These testing stages start in October 2014 and are finalized by the start of the Community testing.

The testing with the participants involves the NBB-SSS participants, both ICP and DCP. Testing is planned from 21 September 2015 onwards. As in phase 1, the NBB-SSS provides functional authorization through assessing the phase 2 NBB-SSS Certification form.

- Community testing:
The goal is to have CSD participants successfully test end-to-end. NBB-SSS phase 1 can be regarded as a pre-migration where most of T2S features are operational. Therefore, the NBB-SSS expects that the community testing for ICP and DCP can go fairly smoothly.

DCPs are subject to certification testing, as are CSDs and NCBs, to show that the DCP can connect to T2S without harming the platform. This certification testing is foreseen for the first 2 to 4 weeks of the community testing window (from 21 September 2015).

- Business day testing
Business day testing tests consecutive business days of T2S with the expected production set-up, together with the other CSDs/NCBs of the migration wave. Part of the business day testing is in live timing aligned with the T2S Day Schedule for production.

- Migration testing
The migration is planned for March 2016 (Easter weekend). The migration weekend will be tested during the period from April up to September 2015. Initial migration testing will be executed during the week and will not require the cooperation of participants. As testing of the migration evolves, there will eventually be several dress rehearsals of the migration weekend which will entail cooperation of the participants.
### 11.2. Daily Schedule in testing

<table>
<thead>
<tr>
<th></th>
<th>COMMUNITY Testing</th>
<th>Business day testing</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Mo-Thu</td>
<td>Fri</td>
</tr>
<tr>
<td><strong>T2S Synchronised Standard Day</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Start of Testing</td>
<td>7:00</td>
<td>7:00</td>
</tr>
<tr>
<td><strong>Real time Settlement</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Partial settlement 1</td>
<td>12:30-12:45</td>
<td>12:30-12:45</td>
</tr>
<tr>
<td>Partial settlement 2</td>
<td>14:15-14:30</td>
<td>14:15-14:30</td>
</tr>
<tr>
<td>DVP cut off</td>
<td>14:30</td>
<td>14:30</td>
</tr>
<tr>
<td>Cash SR cut-off</td>
<td>14:30</td>
<td>14:30</td>
</tr>
<tr>
<td>BATM / CBO cut-off</td>
<td>15:10</td>
<td>15:10</td>
</tr>
<tr>
<td>Inbound LTO cut-off / Automatic Cash sweep</td>
<td>15:15</td>
<td>15:15</td>
</tr>
<tr>
<td>Securities SR / FOP cut-off</td>
<td>15:30</td>
<td>15:30</td>
</tr>
<tr>
<td><strong>End-of-day/start-of-day</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Change of business date</td>
<td>16:15</td>
<td>16:15</td>
</tr>
<tr>
<td>Feeds from CMS</td>
<td>16:30</td>
<td>16:30</td>
</tr>
<tr>
<td>Start of Night-time settlement / cash injection</td>
<td>17:00</td>
<td>17:00</td>
</tr>
<tr>
<td><strong>Night-time settlement</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>End of Testing</td>
<td>19:00</td>
<td>17:30</td>
</tr>
</tbody>
</table>
11.3. Testing timing
Migration to T2S will not be a one shot process. As NBB-SSS will be SME (Securities Maintaining Entity) as from day one, allowing wave 1 CSDs to trade in BE-assets, all NBB-SSS assets have been migrated to T2S as from 3 months before the go-live of wave 1, i.e. 22 March 2015.

The other static data (participants/accounts/...) will be transferred as soon as possible to T2S. Timing for this process is defined by the T2S premigration play book. Premigration starts on January 4, linking of the participants’ securities accounts to DCA will happen in the period of 18 January up to February 8.

The migration weekend itself starts in the evening of Thursday 24 March 2016 after the EOD, with:
- Locking DCP users
- Set-up of positions at 24:00
- Set up of dynamic data (pending transactions / instructions) at Friday 25 March 2016 at 09:00
- First Night time settlement at Friday at 16:30

After the first Night time settlement, reconciliation follows. If this is successful, the point of no return is reached. Immediately after this step, DCPs are unblocked. As from this moment on, DCP instructions coming directly into T2S are no longer rejected. A second night time settlement batch will follow from Friday 23.30 until midnight. If the migration has been considered successful, T2S will have a ten minute Real time settlement window. Afterwards T2S is closed for maintenance, to be reopened on Tuesday 29 March 2016 at 05:00 for real time daytime settlement.

Participants who want to participate during the migration weekend should be aware that the messaging will be done in waves. Every time a milestone is reached and a data copy of T2S is taken, the SWIFT queues are sent and participant can do some reconciling of their own of: positions / pending instructions / settlement.

Participants who want to opt out of receiving a message type, such as positions (MT535) should be aware that this set up will remain active until Tuesday EOD. So opting out of receiving a message should normally only be considered by DCPs, who will receive this message from T2S from migration on, and not by ICPs who find this messaging inconvenient.

For more information: see the migration weekend schedule. For exact follow up of the migration weekend: status of the migration weekend will be published in near real time on the sharepoint site (https://t2s.nbb.be) in the announcements subsite.
Remarks:
On Good Friday 25 March 2016 and Easter Monday 28 March 2016 T2S will exceptionally be closed for FOP instructions.
MIGRATION WEEKEND ACTIVITIES

Migration
24-26 March 2016

THU

18:30
Green light to start migration weekend-MSP0 (telco)

18:55-19:00
Upload CMS feeds

19:00-20:00
Process CMS feeds

19:00-19:15
Offload Fop instructions positions Ramses

19:15-19:30
Upload Fop instructions positions in T2S SOP5

19:15-19:30
Offload Pending instructions Ramses

19:30-19:45
Upload Pending instructions Ramses

19:40-20:40
Lock DCP users

20:00-20:30
Change participants’ accounts where needed (sometimes party opts out for certain messaging)

20:30-22:00
Participants check their account set up (messaging) and give red light if not ok (deadline 22.00)

20:40-20:50
Confirm green light for migration weekend-MSP 1

20:50-21:20
Block DCP’s outgoing messages

21:00
SWIFT outgoing closed

21:20-21:35
Change business date

23:17-00:47
Saving data-2

FRI

00:48-00:58
Positions set up (creation of instructions) processing

00:59-02:29
Reconciliation set-up (creation of instructions) of the positions

03:58-04:08
Confirm set up (creation of instructions) positions upload MSP8

04:08-05:00
Settlement sequence M1 : Set-up of positions / M2 : restrictions

06:00-07:00
CHECK Positions – Reconciliation

07:00-07:15
Settlement sequence M3 : Set-up of positions – remainder + reporting on positions1 -> SEMT002 / MTS35 queued by Ramses

07:10-07:15
Reconciliation Securities position

07:30-07:40
Confirm creation of securities position MSP9

07:40-09:10
Saving data 4 (there is no saving data 3)

07:40-08:00
Release messages about position set up (MT535 – M3 cycle)

08:00
SWIFT outgoing closed

08:00-9:20
Reconciliation positions possible by participants

09:26-09:31
Upload pending instructions

09:32-10:32
Reconcile pending instructions generated

11:46-11:56
Confirm MSP 10 – dynamic data loaded

11:56-11:57
Upload pending instructions

AM
13. NBB-SSS participants' involvement

13.1. Governance

13.1.1. User Committee

NBB-SSS is convinced that good and transparent communication between all the stakeholders is essential for this project to be successful. This is why this document has been written and information sessions are being organized.

On top of that, NBB-SSS has set up a User Committee\(^{36}\) to offer an interactive platform to the participants. This committee will enable issues to be raised, new features and other relevant topics to be discussed. The new committee meets regularly twice a year and can meet ad-hoc in case of additional need. The User Committee is chaired by a participant, not by the NBB-SSS.

The creation of a User Committee at the NBB-SSS is compliant with the articles on governance of the European CSD regulation EU 909/2014\(^{37}\).

13.1.2. Details

The outline of the adaptations to be made by the NBB-SSS participants is given in this document. The details are further continuously provided through NBB-SSS communications or information sessions. NBB-SSS is of course willing to answer more detailed questions if necessary. For our contact information, please turn to page 2. NBB-SSS participants have provided a SPoC (Single Point of Contact) for the adaptation plan info. This SPoC does not have to be the same person as the person attending the user committee meetings.

13.1.3. Dedicated network site

NBB-SSS has dedicated a SharePoint website to the T2S adaptation plan. This website will allow multilateral communication and other interactive features: https://t2s.nbb.be Access to this website requires a UserID and password which can be shared by all users at the participant. Access data are known by the SPoC.

13.2. Client readiness

The objectives of the T2S Client Readiness Framework:

- foster communication between the CSDs/Central Banks and the Eurosystem on the CSDs'/Central Banks' preparations for migration;
- ensure the efficient coordination of the activities aimed at supporting CSDs/Central Banks in preparing and executing their adaptation plans;
- enable the early identification of risks and issues that affect the T2S Programme and the T2S community to allow the timely implementation of mitigation and resolution measures.

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\(^{36}\) For more information see also www.nbbsss.be - 6.2 User Committee.

T2S Client Readiness is understood as the capability of each actor in T2S to meet the functional, technical, operational, legal and regulatory requirements to start operations in T2S relative to the synchronization points, as specified in the T2S Programme Plan including further identified and agreed activities. Each client is expected to report on the progress of its adaptation to T2S. As to their internal adaptation to T2S, the clients are considered responsible for monitoring the readiness of their communities.

T2S Client Readiness reporting is a process to ensure that the T2S Steering Level is well informed about the readiness status and potential risks of the T2S Clients and their communities. In this context, the Eurosystem requests NBB-SSS to monitor and report the readiness of each potential actor in T2S. In order to do so, NBB-SSS monitors the capability and readiness of each of its participants and of the NBB-SSS global community, to be ready for:

- Phase 1 - the implementation of the new software RAMSES;
- Phase 2 - the migration to T2S.

For Phase 1, the following Synchronization Points (SPs) and deadlines were set:

<table>
<thead>
<tr>
<th>SP NBB 1: Budget for 2013 OK?</th>
<th>Bilateral</th>
<th>2012-10-15</th>
</tr>
</thead>
<tbody>
<tr>
<td>SP NBB 2: Impact analysis OK?</td>
<td>Bilateral</td>
<td>2013-03-31</td>
</tr>
<tr>
<td>SP NBB 3: Message development on track?</td>
<td>Bilateral</td>
<td>2013-09-01</td>
</tr>
<tr>
<td>SP NBB 4: Decision DCP / ICP ?</td>
<td>Bilateral</td>
<td>2013-10-15</td>
</tr>
<tr>
<td>SP NBB 5: Ready for testing with NBB OK?</td>
<td>Bilateral</td>
<td>2014-01-01</td>
</tr>
<tr>
<td>SP NBB 6: End of testing with NBB OK?</td>
<td>Bilateral</td>
<td>2014-10-15</td>
</tr>
<tr>
<td>SP NBB 7: End of testing with NBB OK?</td>
<td>Multilateral</td>
<td>2014-11-01</td>
</tr>
<tr>
<td>SP NBB 8: Go-live OK?</td>
<td>Multilateral</td>
<td>2014-12-01</td>
</tr>
</tbody>
</table>

The Participant’s Readiness Monitoring is a process of self-assessment guided by the NBB-SSS Client Relationship Manager to assess the readiness status for a Synchronization Point. The process aims at early identification of potential delays and/or gaps regarding agreed deliverables and milestones and consequently proposing mitigation actions to address any potential delay or gap and/or escalation in case issues cannot be solved or no agreement can be reached.

More info is available on the NBB-SSS website sub "NBB-SSS Client readiness monitoring (03/09/2012)" and annexes.

The reasons for the delay of the Ramses go-live from business day 1 December 2014 to business day 2 February 2015 were communicated to the NBB-SSS community and to the ECB as T2S Program Office on 19 November 2014 by means of the official communication in annex 9.
14. Conclusion

This document emphasizes the importance of this project. We are proud to be able to contribute to a European project of this magnitude which will help harmonize the European post-trade infrastructure.

At NBB-SSS level, we take the opportunity to introduce all these new state-of-the-art features which transform NBB-SSS into a 21st-century settlement system.

Owing to the impact of this project and its conclusive nature, we would like to stress the need for close cooperation between NBB-SSS and its participants for the timely implementation of this project. Indeed, it is not an option for NBB-SSS participants not to be ready in time, because NBB-SSS cannot take any delays into consideration for its migration to the new software as the T2S go-live date of wave 2 is fixed at business day 29 March 2016.

In order to reach this goal in time, it is important that NBB-SSS’ participants fully understand the implications of this project. They need to start the necessary preparations in time not only to request the IT budgets required, in view of their internal software adaptations, but also adapt their internal organization to the new standards the NBB-SSS gradually implements.

As mentioned, good communication is crucial to make this project into a success. So, if anything remains unclear after reading this document, please do not hesitate to contact us via one of the previously mentioned channels. We will be happy to help you to clarify what is still unclear and we also want to learn from the various questions you might have.
Annex 1: Details on Dedicated Withholding Tax Transactions (DWTT)

In case of tax collection, the system will automatically generate the DWTT (MT541 - Receive Against Payment) with the following characteristics:

- Link WITH the original N instruction;
- Link COMM containing the account services transaction ID of the N instruction;
- if the DWTT is related to a corporate action, a link to the corporate action id will be inserted in the linkage section.
- ISD = ISD of the original N instruction; should the ISD be lower than the issuance date of the ISIN, then for withholding tax processing, the issuance date will be used as reference;
- Trade date = trade date of the original N instruction;
- ISIN of the original N instruction;
- Nominal amount = 0;
- Securities account of the original N instruction;
- The transaction code will be the one of the original instruction\(^{38}\);
- DEAG = BIC of the Belgian Fiscal Authority => NBBEBEWBTX;
- REAG = BIC of the Participant;
- PSET = NBBEBEW216;
- all the other parties;
- the cash amount = withholding taxes calculated on the original ISD;
- the accrued interest; the interest formula; the accrued number of days.

For the Belgian Treasury, the matching instruction (MT543 - Deliver Against Payment) will automatically be generated. The participants will receive the reporting accordingly (MT545).

In case of tax refunds, the system will automatically generate the DWTT (MT543 - Deliver Against Payment) with the following characteristics:

- Link WITH the original N instruction;
- Link COMM containing the account services transaction ID of the N instruction;
- if the DWTT is related to a corporate action, a link to the corporate action id will be inserted in the linkage section.
- ISD = ISD of the original N instruction; should the ISD be lower than the issuance date of the ISIN, then for withholding tax processing, the issuance date will be used as reference;
- Trade date = trade date of the original N instruction;
- ISIN of the original N instruction;
- Nominal amount = 0;
- Securities account of the original N instruction;
- The transaction code will be the one of the original instruction\(^{39}\);
- DEAG = BIC of the Belgian Fiscal Authority => NBBEBEWBTX;
- REAG = BIC of the Participant;
- PSET = NBBEBEW216;
- all the other parties;
- the cash amount = withholding taxes calculated on the original ISD;
- the accrued interest; the interest formula; the accrued number of days.

For the Belgian Treasury, the matching instruction (MT541 - Receive Against Payment) will automatically be generated. The participants will receive the reporting accordingly (MT547).

In case of foreign currency assets, the exchange rate will be used.

\(^{38}\) If it exist in ISO standard. Example CORP does not exist in 15022, it shall be replace by "OWNE"

\(^{39}\) Id.
Annex 2: Details on Stripping and reconstitution

Stripping

1) Stripping request
To request a stripping (StR) the Primary Dealer or the Recognized Dealer (or its agent) will have to send the NBB a Deliver Free instruction with the following properties:
- Trade date
- Settlement date
- Participant reference
- ISIN: the OLO to strip
- Nominal amount to strip
- Instruction is no market claim NOMC
- Instruction type = "MKDW"
- PSET = NBBEDEBB216
- DEAG = BIC11 of the participant
- REAG = NBBEDEBBTRE (BIC of the Belgian Treasury)
- Account of the participant containing the nominal amount of the OLO to be stripped
- SELL = BIC 11 of the Primary Dealer/Recognized Dealer (mandatory field)
The advantage of this method is that the NBB-SSS will no longer require the segregation of accounts for primary dealer and/or recognized dealer to be able to strip.

2) Stripping Acceptance
The NBB-SSS will validate the StR. After acceptance of the StR, NBB-SSS will generate the delivery transactions of all the strips as already matched transactions (Receive free).
Those transactions will contain the following information:
- The NBB-SSS pool reference of the StR. This reference will be added to all the instructions generated by NBB-SSS to link them together.
- Link WITH the reference of the StR
- The common trade reference of the generated instructions will be the participant stripping request reference. This shall enable the participant to reconcile the received strips with the stripping request.
- Trade date of the StR
- Settlement date of the StR
- Instruction type = "MKUP"
- ISIN (the strip)
- Nominal amount calculated for each strip
- DEAG = NBBEDEBBTRE (BIC of the Belgian Treasury)
- REAG = BIC11 of the participant
- Account of the participant specified in the StR
- BUYR = BIC 11 of the Primary Dealer/Recognized Dealer
At this stage, the transactions do not settle since the StR having the same pool reference is still unmatched.

3) Creation of the strips and destruction of the OLO
The NBB-SSS will generate the instructions related to the creation of the strips and the destruction of the OLO.

4) Release of the StR
NBB-SSS matches the StR. This matching instruction will also be linked "WITH". This triggers the settlement of the full set of these instructions on an all-or-none basis. These transactions will only settle if the participant has enough OLO on the account specified in step 1.
All the strips related instructions are generated with "NOMC".

If a stripping request is not settled when one of the strips becomes matured all the stripping is automatically cancelled by the system.
Reconstitution

1) Reconstitution request
To request a reconstitution, the Primary Dealer or the Recognized Dealer (or its agent) will have to send the NBB a Receive Free instruction with the following properties:
- Trade date
- Settlement date
- ISIN: the OLO to reconstitute
- Nominal amount to reconstitute
- Instruction is no market claim NOMC
- Instruction type = "MKUP"
- PSET = NBBEBEBB216
- REAG = BIC11 of the participant
- DEAG = NBBEBEBB TRE (BIC of the Belgian Treasury)
- Account of the participant containing the nominal amount of the OLO to be reconstructed
- BUYR = BIC 11 of the Primary Dealer/Recognized Dealer (mandatory field)

The advantage of this method is that the NBB-SSS will no longer require the segregation of accounts for primary dealer and/or recognized dealer to be able to reconstitute.

2) Reconstitution Acceptance
The NBB-SSS will validate the reconstitution. After acceptance of the instruction, NBB-SSS will generate the delivery transactions for the strips as already matched transactions (Receive free).

These transactions will contain the following information:
- The NBB-SSS pool reference of the reconstitution. This reference will be added to all the instructions generated by NBB-SSS to link them together.
- Link WITH the reference of the reconstitution
- Trade date of the reconstitution
- Settlement date of the reconstitution
- Instruction type = "MKDW"
- ISIN (the strips)
- Nominal amount calculated for the reconstructed OLO
- REAG = NBBEBEBB TRE (BIC of the Belgian Treasury)
- DEAG = BIC11 of the participant
- Account of the participant specified in the reconstitution instruction
- SELL = BIC 11 of the Primary Dealer/Recognized Dealer

At this stage, the transactions do not settle since the reconstitution instruction having the same pool reference is still unmatched.

3) Creation of the OLO and destruction of the strips
The NBB-SSS will generate the instructions related to the creation of the OLO and the destruction of the strips.

4) Release of the reconstitution transaction
NBB-SSS matches the reconstitution instruction. This matching instruction will also be linked "WITH". This triggers the settlement of the full set of these instructions on an all-or-none basis.

These transactions will only settle if the participant has enough strips on the account specified in step 1.

All the reconstitution related instructions are generated with "NOMC".

If a reconstitution request is not settled when one of the strips becomes matured the request is automatically cancelled by the system.
Annex 3: List of T2S Synchronization Points

<table>
<thead>
<tr>
<th>2011</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q1</td>
<td>Q2</td>
<td>Q3</td>
<td>Q4</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>2011</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q1</td>
<td>Q2</td>
<td>Q3</td>
<td>Q4</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Value Added Network

- Tender for Network Connectivity (VAN) (Q2/Q3)
- Signature for Network Connectivity (VAN) (Q1/Q2)
- Proof of concept completed (Q3/Q4)
- VAN Acceptance test completed (Q4/Q4)

Software Development and Internal Acceptance Test

- Critical Development Milestone
- UDFS/CPS Integration in Development Process (Q2/Q3)
- Interface Specification Inception (Q3/Q4)
- Technical Stability (Q4/Q4)
- Application Development Completion (Q4/Q4)
- \( 4 \& 5 \) CBA Internal Acceptance Check Point (Q4/Q4)

4CB Internal Acceptance Test (IAC) (Q4/Q4)

Start of Business Acceptance Test (Q4/Q4)

Start of Pre-Beta System Testing (Q4/Q4)

Pilot Testing

- Preparation phase (Q4/Q4)
- Execution phase (Q4/Q4)

- Business System Ready for User Testing (Q4/Q4)
- User Handbook (Q4/Q4)
- Business System Acceptance Test (SAT) Report (Q4/Q4)

\* Delay in the milestone could trigger CSD’s liability as foreseen in Art. 32 Framework Agreement.
### Wave 1 On-Line

<table>
<thead>
<tr>
<th>Year</th>
<th>Q1</th>
<th>Q2</th>
<th>Q3</th>
<th>Q4</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2013</td>
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<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2014</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2015</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Infrastructure Preparation**

- Production Environment ready

**SP7** Start Connectivity Setup for VAIN Network Service Providers
- Q2 15/06/14

**SP8** Start Bilateral Interoperability Testing
- Q3 01/10/14

**SP13** Baseline ready for Production
- Q4 02/03/15

**Wave 2 On-Line**

<table>
<thead>
<tr>
<th>Year</th>
<th>Q1</th>
<th>Q2</th>
<th>Q3</th>
<th>Q4</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2015</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2016</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2017</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**SP9** Start Multilateral Interoperability Testing
- Q1 04/05/15

**SP10** Start Community Testing
- Q2 21/09/15

**SP11** Start Business Day Testing
- Q3 18/10/16

**SP12** End of User Testing
- Q4 31/10/16

**SP14** Ready to Connect to Production
- Q1 16/11/15

**SP15** Ready to Upload Static Data
- Q2 04/01/16

**SP16** Ready for T2S Go-Live
- Q3 25/09/16

**SP17** Clearing T2S Programme
- Q4 28/09/16

**Wave 3 On-Line**

<table>
<thead>
<tr>
<th>Year</th>
<th>Q1</th>
<th>Q2</th>
<th>Q3</th>
<th>Q4</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2015</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2016</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2017</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**SP9** Start Multilateral Interoperability Testing
- Q1 15/06/15

**SP3** Start Community Testing
- Q2 15/02/16

**SP11** Start Business Day Testing
- Q3 01/08/16

**SP12** End of User Testing
- Q4 26/08/16

**SP14** Ready to Connect to Production
- Q1 05/05/16

**SP15** Ready to Upload Static Data
- Q2 14/06/16

**SP16** Ready for T2S Go-Live
- Q3 09/09/16

**SP17** Clearing T2S Programme
- Q4 12/09/16

**Wave 4 On-Line**

<table>
<thead>
<tr>
<th>Year</th>
<th>Q1</th>
<th>Q2</th>
<th>Q3</th>
<th>Q4</th>
</tr>
</thead>
<tbody>
<tr>
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<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2015</td>
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<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2016</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2017</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**SP9** Start Multilateral Interoperability Testing
- Q1 25/04/16

**SP10** Start Community Testing
- Q2 10/10/16

**SP11** Start Business Day Testing
- Q3 27/12/16

**SP12** End of User Testing
- Q4 22/01/17

**SP14** Ready to Connect to Production
- Q1 10/11/16

**SP15** Ready to Upload Static Data
- Q2 03/02/17

**SP16** Ready for T2S Go-Live
- Q3 06/02/17

**SP17** Clearing T2S Programme
- Q4 May 2017

**SP18** Clearing T2S Programme
- Q1 July 2017
### Annex 4: Securities account parameters - Summary

<table>
<thead>
<tr>
<th>Account Number</th>
<th>Category</th>
<th>35 positions begins with NBBE</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Own Account</td>
<td>Trading account</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Client Account</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Pledge account</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Account name</th>
<th>Description</th>
<th>35 positions</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>free text enabling to name an account</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>DCA</th>
<th>Description</th>
<th>34 positions, but during phase 1, NBB-SSS will only use Recour numbers</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Cash account linked to the securities account. During phase 1, the DLNS will have to be provided on this account. There will be a DCA possible for DVP settlement and a second DCA for CA’s. This will not be available immediately as from migration but some working days later on.</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Fiscal policy</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>X - Exempted</td>
<td></td>
</tr>
<tr>
<td>N - Non Exempted</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Partial Settlement indicator</th>
<th>Description</th>
<th>Yes/No</th>
</tr>
</thead>
<tbody>
<tr>
<td>Enable to enrich the instruction with PART or NPAR</td>
<td></td>
<td>PART or NPAR</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Market Claim indicator</th>
<th>Description</th>
<th>Yes/No</th>
</tr>
</thead>
<tbody>
<tr>
<td>Enable to enrich the instruction with the no Market Claim indicator</td>
<td>Yes: NBB-SSS will enrich the instruction when possible No: the instruction is not enriched Do not forget that it is a matching criterium.</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Hold/release indicator</th>
<th>Description</th>
<th>Yes/No</th>
</tr>
</thead>
<tbody>
<tr>
<td>Enable to put on hold automatically all the incoming instructions</td>
<td>Yes: the NBB-SSS put the instruction on Hold No: the NBB-SSS lets the instruction unchanged.</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Statement of account EOD Only</th>
<th>Description</th>
<th>Yes/No</th>
</tr>
</thead>
<tbody>
<tr>
<td>Enable to trigger the statement of account after the end of the DVP window</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Statement of transactions EOD Only</th>
<th>Description</th>
<th>Yes/No</th>
</tr>
</thead>
<tbody>
<tr>
<td>Enable to trigger the statement of transactions after the end of the DVP window</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Recycling period for unmatched instruction</th>
<th>Description</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Enable to trigger the cancellation process of unmatched instruction before the end of the standard recycling period</td>
<td>must be greater or equal to 0 and smaller than 25. If left blank, standard will always be applied</td>
<td></td>
</tr>
<tr>
<td><strong>Recycling period for matched instruction</strong></td>
<td>Enable to trigger the cancellation process of matched instructions before the end of the standard recycling period</td>
<td></td>
</tr>
<tr>
<td><strong>Stripping/Reconstruction</strong></td>
<td>Can the account be used to request a stripping or a reconstruction? Translates the fact, that the account is linked to a primary dealer or a recognized dealer</td>
<td>Yes/No.</td>
</tr>
<tr>
<td><strong>Customer</strong></td>
<td>Enable to assign the BIC of the client linked to the account. This information shall be used in the primary market operation of the Belgian State to automatically distribute the securities on the primary dealer accounts.</td>
<td>BIC11</td>
</tr>
<tr>
<td><strong>Auction on hold</strong></td>
<td>Enables to automatically put on Hold all the auctions on this account.</td>
<td>- / Y</td>
</tr>
</tbody>
</table>
| **Dealer type** | None  
Primary Dealer  
Recognized dealer |  |
| **T2S Type** | CSD Omnibus Account  
CSD Participant Account  
Issuance Account |  |
| **Opening Date** | Start date of the account in the NBB-SSS |  |
| **Closing Date** | End date of the account in the NBB-SSS |  |
| **DCA account for corporate actions. DCA account for Market Claims.** | Available as from phase 2 |  |
| **All Market Claims on Hold** | Enables to put on Hold all the Market Claims and Transformations related to the securities account independently of the status of the underlying transaction. | - : take the underlying instruction status into account  
Yes: if all Market Claims and Transformations are generated "on Hold". |
Annex 5a: MTS and BROKERTEC repo transactions messages for NBB and settlement agents

**MTS REPO/ BUY SELL BACK TRANSACTIONS**

<table>
<thead>
<tr>
<th>Sequence A - General information</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>MT541 - MT543 for Bank of Belgium and Belgian Settlement Agents</strong></td>
</tr>
<tr>
<td><strong>St.</strong></td>
</tr>
<tr>
<td>M</td>
</tr>
<tr>
<td>M</td>
</tr>
</tbody>
</table>
|       |         |             |                |             | where :
|       |         |             |                |             | CCCCCC : Trade Number |
|       |         |             |                |             | XXX : APT for start leg REPO, |
|       |         |             |                |             | BPT for end leg REPO |
|       |         |             |                |             | NN: ‘01’ for MT541 |
|       |         |             |                |             | ‘03’ for MT543 |
|       |         |             |                |             | YY: Trade date (year) |
|       |         |             |                |             | JJJ: Trade date (Julian day +500 for cancellation) |
| M     | :23G:  | :NEWM      | New MT541/MT543  | 41c         | depending on participant’s static data |
|       |         | :CANC      | Request to cancel a previous MT541/MT543 | CANC         | |
|       |         | :PREA      |                |              | depending on participant’s static data |

<table>
<thead>
<tr>
<th>Sub-sequence A1 - Linkages</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>St.</strong></td>
</tr>
<tr>
<td>O</td>
</tr>
<tr>
<td>O</td>
</tr>
<tr>
<td>O</td>
</tr>
<tr>
<td>O</td>
</tr>
<tr>
<td>O</td>
</tr>
</tbody>
</table>
|       |         |             |                |             | where :
|       |         |             |                |             | CCCCCC : Trade Number |
|       |         |             |                |             | XXX: APT for start leg REPO, BPT |
|       |         |             |                |             | for end leg REPO |
|       |         |             |                |             | NN: 99 |
|       |         |             |                |             | YY: Trade date (year) |
|       |         |             |                |             | JJJ: Trade date (Julian day +500 for cancellation) |
| O     | :16R:  |             | End of block     | LINK         |             |

**End of sub-sequence A1**

| **St.** | **Tag** | **Qualifier** | **Description** | **Contents** | **Comments** |
| M     | :16S:  |             | End of block     | GENL         |             |

**End of sequence A**

<table>
<thead>
<tr>
<th>Sequence B - Trade details</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>St.</strong></td>
</tr>
<tr>
<td>M</td>
</tr>
<tr>
<td>O</td>
</tr>
</tbody>
</table>
### End of sequence B

**Sequence C - Financial instrument/ account**

<table>
<thead>
<tr>
<th>M</th>
<th>:16R:</th>
<th>Start of block</th>
<th>FIAC</th>
</tr>
</thead>
<tbody>
<tr>
<td>M</td>
<td>:36B:</td>
<td>:SETT</td>
<td>Quantity of financial instrument to be settled</td>
</tr>
<tr>
<td>M</td>
<td>:36B:</td>
<td></td>
<td>FAMT = Face amount (bonds)</td>
</tr>
<tr>
<td>M</td>
<td>:97A:</td>
<td>:SAFE</td>
<td>For messages sent to NBB-SSS, the NBB-SSS account number of the party</td>
</tr>
<tr>
<td>M</td>
<td>:97A:</td>
<td></td>
<td>For messages sent to the custodians, the account identifying the client at the custodian's book</td>
</tr>
</tbody>
</table>

### End of sequence C

#### Sequence D - repo

**MANDATORY**

<table>
<thead>
<tr>
<th>M</th>
<th>:16R:</th>
<th>Start of block</th>
<th>REPO</th>
</tr>
</thead>
<tbody>
<tr>
<td>M</td>
<td>:98A:</td>
<td>TERM</td>
<td>Repurchase date (forward date)</td>
</tr>
<tr>
<td>M</td>
<td>:98A:</td>
<td></td>
<td>:TERM//8In</td>
</tr>
<tr>
<td>M</td>
<td>:20C:</td>
<td>REPO</td>
<td>Repo reference: common reference between the first leg and the second leg of the repo.</td>
</tr>
<tr>
<td>M</td>
<td>:19A:</td>
<td>TRTE</td>
<td>Term Repurchase Amount</td>
</tr>
<tr>
<td>M</td>
<td>:19A:</td>
<td></td>
<td>Cash amount &amp; ISO currency</td>
</tr>
<tr>
<td>M</td>
<td>:16S:</td>
<td>End of block</td>
<td>REPO</td>
</tr>
</tbody>
</table>

### End of sequence D

#### Sequence E - Settlement details

<table>
<thead>
<tr>
<th>M</th>
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<th>Start of block</th>
<th>SETDET</th>
</tr>
</thead>
<tbody>
<tr>
<td>M</td>
<td>:22F:</td>
<td>SETR</td>
<td>Type of settlement Transaction</td>
</tr>
<tr>
<td>M</td>
<td>:22F:</td>
<td></td>
<td>:SETR/[8c]//4lc</td>
</tr>
<tr>
<td>O</td>
<td>:22F:</td>
<td>STCO//</td>
<td>Partial settlement indicator</td>
</tr>
<tr>
<td>O</td>
<td>:22F:</td>
<td></td>
<td>:STCO/[8c]/4lc</td>
</tr>
</tbody>
</table>

**Sub-sequence E1 - Settlement parties**

<table>
<thead>
<tr>
<th>M</th>
<th>:16R:</th>
<th>Start of block</th>
<th>SETPRTY</th>
</tr>
</thead>
<tbody>
<tr>
<td>M</td>
<td>:95P:</td>
<td>DEAG</td>
<td>MT543: Delivering Agent</td>
</tr>
<tr>
<td>M</td>
<td>:95P:</td>
<td></td>
<td>:95P::4lc/8c/34x</td>
</tr>
</tbody>
</table>

### Other notes

- MIC: Sett Settlement date
- MT54x Spot - Settlement Date spot leg
- MT54x Forw - Settlement Date Forward leg
- TRAD//yyyymmdd
- TRAD// yyyymmdd

- MI:98A: :TRAD//8In
- TRAD//8In
- TRAD//8In
- :90A::DEAL//4lc/15d

- BIC11 CODE

- ISIN BE0312556229 BTC 14/02

- M ISIN + blank + Isin code [ISIN1e12!c]
- DESC(35x)
- 

- SETT//35x
<table>
<thead>
<tr>
<th>Column</th>
<th>Symbol</th>
<th>Text</th>
</tr>
</thead>
<tbody>
<tr>
<td>O</td>
<td>:97A:</td>
<td>:SAFE// For messages sent to NBB-SSS, the NBB-SSS account number of the party For messages sent to the custodians, the account identifying the client at the custodian's book</td>
</tr>
<tr>
<td>M</td>
<td>:16S:</td>
<td>End of block SETPRTY</td>
</tr>
</tbody>
</table>

**End of sub-sequence E1**

**Sub-sequence E1 - Settlement parties**

<table>
<thead>
<tr>
<th>Column</th>
<th>Symbol</th>
<th>Text</th>
</tr>
</thead>
<tbody>
<tr>
<td>M</td>
<td>:16R:</td>
<td>Start of block SETPRTY</td>
</tr>
<tr>
<td>M</td>
<td>:95P:</td>
<td>:DEAG MT541 = Delivering Agent :95R::4!c/8c/34x BIC11 CODE</td>
</tr>
<tr>
<td>M</td>
<td>:95P:</td>
<td>:REAG MT543 = Receiving Agent :95R::4!c/8c/34x BIC11 CODE</td>
</tr>
<tr>
<td>O</td>
<td>:97A:</td>
<td>:SAFE// For messages sent to NBB-SSS, the NBB-SSS account number of the counterparty For messages sent to the custodians, the NBB-SSS account number of the counterparty</td>
</tr>
<tr>
<td>M</td>
<td>:16S:</td>
<td>End of block SETPRTY</td>
</tr>
</tbody>
</table>

**End of sub-sequence E1**

**Sub-sequence E1 - Settlement parties**

<table>
<thead>
<tr>
<th>Column</th>
<th>Symbol</th>
<th>Text</th>
</tr>
</thead>
<tbody>
<tr>
<td>M</td>
<td>:16R:</td>
<td>Start of block SETPRTY</td>
</tr>
<tr>
<td>M</td>
<td>:95P:</td>
<td>:BUYR Populated in MT541 to NBB-SSS and Custodians (party) :BUYR//bic</td>
</tr>
<tr>
<td>M</td>
<td>:95P:</td>
<td>:SELL Populated in MT543 to NBB-SSS and Custodians (party) :SELL//bic</td>
</tr>
<tr>
<td>O</td>
<td>:97A:</td>
<td>:SAFE// For messages sent to NBB-SSS and messages sent to the custodians, the account identifying the client at the custodian's book</td>
</tr>
<tr>
<td>M</td>
<td>:16S:</td>
<td>End of block SETPRTY</td>
</tr>
</tbody>
</table>

**End of sub-sequence E1**

**Sub-sequence E1 - Settlement parties**

<table>
<thead>
<tr>
<th>Column</th>
<th>Symbol</th>
<th>Text</th>
</tr>
</thead>
<tbody>
<tr>
<td>M</td>
<td>:16R:</td>
<td>Start of block SETPRTY</td>
</tr>
<tr>
<td>M</td>
<td>:95P:</td>
<td>:BUYR Populated in MT543 to NBB-SSS and Custodians (counterparty) :BUYR//bic</td>
</tr>
<tr>
<td>M</td>
<td>:95P:</td>
<td>:SELL Populated in MT543 to NBB-SSS and Custodians (counterparty) :SELL//bic</td>
</tr>
<tr>
<td>O</td>
<td>:97A:</td>
<td>:SAFE// For messages sent to NBB-SSS and messages sent to the custodians, the account identifying the client at the counterparty custodian's book</td>
</tr>
<tr>
<td>M</td>
<td>:16S:</td>
<td>End of block SETPRTY</td>
</tr>
</tbody>
</table>

**End of sub-sequence E1**

**Sub-sequence E1 - Settlement parties**

<table>
<thead>
<tr>
<th>Column</th>
<th>Symbol</th>
<th>Text</th>
</tr>
</thead>
<tbody>
<tr>
<td>M</td>
<td>:16R:</td>
<td>Start of block SETPRTY</td>
</tr>
<tr>
<td>M</td>
<td>:95P:</td>
<td>:PSET BIC 11 of CSD :PSET//bic</td>
</tr>
<tr>
<td>M</td>
<td>:16S:</td>
<td>End of block SETPRTY</td>
</tr>
</tbody>
</table>

**End of sub-sequence E1**

**Sub-sequence E3 - Amounts - Settlement Amount**

<table>
<thead>
<tr>
<th>Column</th>
<th>Symbol</th>
<th>Text</th>
</tr>
</thead>
<tbody>
<tr>
<td>M</td>
<td>:16R:</td>
<td>Start of block AMT</td>
</tr>
<tr>
<td>M</td>
<td>19A:</td>
<td>SETT</td>
</tr>
<tr>
<td>M</td>
<td>16S:</td>
<td>End of block</td>
</tr>
</tbody>
</table>

End of sequence E3

| M | 16S: | End of block | SETDET |

End of sequence E

End of Message
### Annex 5b: Outright cash Transactions (DVP) messages for NBB and settlement agents for NBB

**MTS OUTRIGHT CASH TRANSACTIONS**

#### MT541 - MT543 for Bank of Belgium and Settlement Agents

**Sequence A - General information**

<table>
<thead>
<tr>
<th>St.</th>
<th>Tag</th>
<th>Qualifier</th>
<th>Description</th>
<th>Contents</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>M</td>
<td>:16R:</td>
<td></td>
<td>Start of block</td>
<td>GENL</td>
<td></td>
</tr>
<tr>
<td>M</td>
<td>:20C:</td>
<td>:SEME</td>
<td>Sender’s reference</td>
<td>:SEME//16x</td>
<td>CCCCCCXXXNNYYJJJ where: CCCCCC : Trade Number XXX : BEL or EBM (Market code) NN: ‘01’ for MT541 NN: ‘03’ for MT543 JJJ: Trade date (Julian day or Julian day + 500 for cancellation)</td>
</tr>
<tr>
<td>M</td>
<td>:23G:</td>
<td>:NEWM</td>
<td>New MT541/MT543</td>
<td>41c</td>
<td>depending on participant's static data</td>
</tr>
<tr>
<td></td>
<td>:CANC</td>
<td></td>
<td>Request to cancel a previous MT541/MT543</td>
<td>CANC</td>
<td></td>
</tr>
<tr>
<td>M</td>
<td>:PREA</td>
<td></td>
<td></td>
<td></td>
<td>depending on participant's static data</td>
</tr>
</tbody>
</table>

**Sub-sequence A1 - Linkages**

<table>
<thead>
<tr>
<th>St.</th>
<th>Tag</th>
<th>Qualifier</th>
<th>Description</th>
<th>Contents</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>O</td>
<td>:16R:</td>
<td></td>
<td>Start of block</td>
<td>LINK</td>
<td></td>
</tr>
<tr>
<td>O</td>
<td>:20C:</td>
<td>:PREV</td>
<td>Previous reference: TAG20 of MT541/3 to cancel</td>
<td>:PREV//16x</td>
<td>:PREV//16x</td>
</tr>
<tr>
<td>O</td>
<td>:16S:</td>
<td></td>
<td>End of block</td>
<td>LINK</td>
<td></td>
</tr>
<tr>
<td>O</td>
<td>:16R:</td>
<td></td>
<td>Start of block</td>
<td>LINK</td>
<td></td>
</tr>
<tr>
<td>O</td>
<td>:20C:</td>
<td>:COMM</td>
<td>To ensure correct matching. It must be identical for MT541 and MT543</td>
<td>:COMM//16x</td>
<td>CCCCCCXXXNNYYJJJ where: CCCCCC : Trade Number XXX : BEL or EBM (Market code) for CASH NN: 99 YY: Trade date (year) JJJ: Trade date (Julian day or Julian day + 500 for cancellation)</td>
</tr>
<tr>
<td>O</td>
<td>:16S:</td>
<td></td>
<td>End of block</td>
<td>LINK</td>
<td></td>
</tr>
</tbody>
</table>

**End of sub-sequence A1**

<table>
<thead>
<tr>
<th>St.</th>
<th>Tag</th>
<th>Qualifier</th>
<th>Description</th>
<th>Contents</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>M</td>
<td>:16S:</td>
<td></td>
<td>End of block</td>
<td>GENL</td>
<td></td>
</tr>
</tbody>
</table>

**End of sequence A**

#### Sequence B - Trade details

<table>
<thead>
<tr>
<th>St.</th>
<th>Tag</th>
<th>Qualifier</th>
<th>Description</th>
<th>Contents</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>M</td>
<td>:16R:</td>
<td></td>
<td>Start of block</td>
<td>TRADDET</td>
<td></td>
</tr>
<tr>
<td>O</td>
<td>:94B:</td>
<td>TRAD</td>
<td>Place of Trade</td>
<td>:94B::TRAD//EXCH/MIC</td>
<td></td>
</tr>
<tr>
<td>M</td>
<td>:98A:</td>
<td>SETT</td>
<td>Settlement date</td>
<td>:98A::SETT//8In</td>
<td>SETT/yyyymmdd</td>
</tr>
<tr>
<td>M</td>
<td>:98A:</td>
<td>TRAD</td>
<td>Trade date</td>
<td>:98A::TRAD//8In</td>
<td>TRAD/yyyymmdd</td>
</tr>
<tr>
<td>M</td>
<td>:90A:</td>
<td>DEAL</td>
<td>Deal price</td>
<td>:90A::DEAL//41c/15d</td>
<td>DEAL//PRCT/125,41</td>
</tr>
<tr>
<td>M</td>
<td>:35B:</td>
<td>&quot;ISIN&quot;+blank+ Isin code</td>
<td>[ISIN1e12c] DESC(35x)</td>
<td>ISIN BE0312556229 BTC 14/02</td>
<td></td>
</tr>
<tr>
<td>---</td>
<td>---</td>
<td>---</td>
<td>---</td>
<td>---</td>
<td></td>
</tr>
<tr>
<td>M</td>
<td>:16S:</td>
<td>End of block</td>
<td>TRADDET</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**End of sequence B**

Sequence C - Financial instrument/account

<table>
<thead>
<tr>
<th>M</th>
<th>:16R:</th>
<th>Start of block</th>
<th>FIAC</th>
</tr>
</thead>
<tbody>
<tr>
<td>M</td>
<td>:36B:</td>
<td>SETT Quantity of financial instrument to be settled</td>
<td>FAMT = Face amount (bonds)</td>
</tr>
<tr>
<td>M</td>
<td>:97A:</td>
<td>SAFE Safekeeping account</td>
<td>For messages sent to NBB-SSS, the NBB-SSS account number of the party</td>
</tr>
<tr>
<td>M</td>
<td>:16S:</td>
<td>End of block</td>
<td>FIAC</td>
</tr>
</tbody>
</table>

**End of sequence C**

Sequence E - Settlement details

<table>
<thead>
<tr>
<th>M</th>
<th>:16R:</th>
<th>Start of block</th>
<th>SETDET</th>
</tr>
</thead>
<tbody>
<tr>
<td>M</td>
<td>:22F:</td>
<td>SETR Type of settlement Transaction</td>
<td>:SETR//8lc//4lc TRAD</td>
</tr>
<tr>
<td>O</td>
<td>:22F:</td>
<td>STCO/ Partial settlement indicator</td>
<td>:STCO///4lc Either “NPAR” or “PART” depending on Members Static Configuration in MTS</td>
</tr>
<tr>
<td>O</td>
<td>:22F:</td>
<td>STCO/ Settlement Transaction Condition</td>
<td>:STCO///4lc NOMC fixed value</td>
</tr>
</tbody>
</table>

**Sub-sequence E1– Settlement parties**

<table>
<thead>
<tr>
<th>M</th>
<th>:16R:</th>
<th>Start of block</th>
<th>SETPRTY</th>
</tr>
</thead>
<tbody>
<tr>
<td>M</td>
<td>:95P:</td>
<td>DEAG MT543: Delivering Agent</td>
<td>BIC 11 CODE</td>
</tr>
<tr>
<td>M</td>
<td>:95P:</td>
<td>REAG MT541: Receiving Agent</td>
<td>BIC11 CODE</td>
</tr>
<tr>
<td>O</td>
<td>:97A:</td>
<td>SAFE/ For messages sent to NBB-SSS, the NBB-SSS account number of the party</td>
<td>For messages sent to the custodians, the account identifying the client at the custodian’s book</td>
</tr>
<tr>
<td>M</td>
<td>:16S:</td>
<td>End of block</td>
<td>SETPRTY</td>
</tr>
</tbody>
</table>

**End of sub-sequence E1**

**Sub-sequence E1– Settlement parties**

<table>
<thead>
<tr>
<th>M</th>
<th>:16R:</th>
<th>Start of block</th>
<th>SETPRTY</th>
</tr>
</thead>
<tbody>
<tr>
<td>M</td>
<td>:95P:</td>
<td>DEAG MT543 = Delivering Agent</td>
<td>BIC 11 CODE</td>
</tr>
<tr>
<td>M</td>
<td>:95P:</td>
<td>REAG MT543 = Receiving Agent</td>
<td>BIC 11 CODE</td>
</tr>
<tr>
<td>O</td>
<td>:97A:</td>
<td>SAFE/ For messages sent to NBB-SSS, the NBB-SSS account number of the counterparty</td>
<td>For messages sent to the custodians, the NBB-SSS account number of the counterparty</td>
</tr>
<tr>
<td>M</td>
<td>:16S:</td>
<td>End of block</td>
<td>SETPRTY</td>
</tr>
</tbody>
</table>

**End of sub-sequence E1**

Sub-sequence E1– Settlement parties
<table>
<thead>
<tr>
<th>M</th>
<th>:16R:</th>
<th>Start of block</th>
<th>SETPRTY</th>
</tr>
</thead>
<tbody>
<tr>
<td>M</td>
<td>:95P:</td>
<td>:BUYR</td>
<td>Populated in MT541 to NBB-SSS and Custodians (party)</td>
</tr>
<tr>
<td>M</td>
<td>:95P:</td>
<td>:SELL</td>
<td>Populated in MT543 to NBB-SSS and Custodians (party)</td>
</tr>
<tr>
<td>O</td>
<td>:97A:</td>
<td>:SAFE//</td>
<td>For messages sent to NBB-SSS and messages sent to the custodians, the account identifying the client at the custodian’s book</td>
</tr>
<tr>
<td>M</td>
<td>:16S:</td>
<td>End of block</td>
<td>SETPRTY</td>
</tr>
</tbody>
</table>

**End of sub-sequence E1**

**Sub-sequence E1 - Settlement parties**

<table>
<thead>
<tr>
<th>M</th>
<th>:16R:</th>
<th>Start of block</th>
<th>SETPRTY</th>
</tr>
</thead>
<tbody>
<tr>
<td>M</td>
<td>:95P:</td>
<td>:BUYR</td>
<td>Populated in MT541 to NBB-SSS and Custodians (counterparty)</td>
</tr>
<tr>
<td>M</td>
<td>:95P:</td>
<td>:SELL</td>
<td>Populated in MT543 to NBB-SSS and Custodians (counterparty)</td>
</tr>
<tr>
<td>O</td>
<td>:97A:</td>
<td>:SAFE//</td>
<td>For messages sent to NBB-SSS and Custodians, the account identifying the client at the counterparty custodian's book</td>
</tr>
<tr>
<td>M</td>
<td>:16S:</td>
<td>End of block</td>
<td>SETPRTY</td>
</tr>
</tbody>
</table>

**End of sub-sequence E1**

**Sub-sequence E3 - Amounts - Settlement Amount**

<table>
<thead>
<tr>
<th>M</th>
<th>:16R:</th>
<th>Start of block</th>
<th>AMT</th>
</tr>
</thead>
<tbody>
<tr>
<td>M</td>
<td>:16S:</td>
<td>End of block</td>
<td>AMT</td>
</tr>
</tbody>
</table>

**End of sequence E3**

**End of sequence E**

**End of Message**
## Annex 6: Messaging in the future

### Asset in €

<table>
<thead>
<tr>
<th>Financial services by NBB-SSS = YES</th>
<th>Coupon</th>
<th>Redemption</th>
<th>Pool factor</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Current</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>X and N account</td>
<td>566</td>
<td>547 - 566</td>
<td>566</td>
</tr>
<tr>
<td>EOD: 536</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Future MT</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>X and N account</td>
<td>566</td>
<td>566</td>
<td>566</td>
</tr>
<tr>
<td>EOD: 536</td>
<td></td>
<td></td>
<td></td>
</tr>
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<td>N-account</td>
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<tr>
<td>Withholding tax</td>
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<tr>
<td>On ISD</td>
<td>548</td>
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</tr>
<tr>
<td>On effective Settlement Date</td>
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<tr>
<td><strong>Future MX</strong></td>
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<tr>
<td>X and N account</td>
<td></td>
<td>SEEV.036</td>
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<td>N-account</td>
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<td>Withholding tax</td>
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<tr>
<td>On ISD</td>
<td>Sese.024</td>
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<tr>
<td>On effective Settlement Date</td>
<td>Sese.025</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Financial services by NBB-SSS = NO</td>
<td>Coupon</td>
<td>Redemption</td>
<td>Pool factor</td>
</tr>
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<td>-----------------------------------</td>
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</tr>
<tr>
<td>Current</td>
<td>X and N account</td>
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<tr>
<td>Future MT</td>
<td>X and N account</td>
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<tr>
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<td>N-account Withholding tax</td>
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<td>Future MX</td>
<td>X and N account</td>
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<td>N-account Withholding tax</td>
<td>On ISD</td>
<td>Sese.024</td>
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<td>On effective Settlement Date</td>
<td>Sese.025</td>
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</table>
### Asset in non €

<table>
<thead>
<tr>
<th>Financial services by NBB-SSS = NO</th>
<th>Coupon</th>
<th>Redemption</th>
<th>Pool factor</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Current</strong></td>
<td>X and N account</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Future MT</strong></td>
<td>X and N account</td>
<td>-</td>
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<tr>
<td></td>
<td>N-account</td>
<td>Withholding tax</td>
<td>On ISD</td>
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<td></td>
<td></td>
<td></td>
<td>On effective Settlement Date</td>
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<tr>
<td><strong>Future MX</strong></td>
<td>X and N account</td>
<td>-</td>
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<td>N-account</td>
<td>Withholding tax</td>
<td>On ISD</td>
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<td></td>
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<td>On effective Settlement Date</td>
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<tr>
<td></td>
<td>FOP RECE</td>
<td>FOP DELI</td>
<td>DVP RECE</td>
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<td>---------------------</td>
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</tr>
<tr>
<td><strong>Current</strong></td>
<td>X and N account</td>
<td>548(^{40} - 544)</td>
<td>548(^{41} - 546)</td>
</tr>
<tr>
<td><strong>Future</strong></td>
<td>X and N account</td>
<td>548 - 544</td>
<td>548 - 546</td>
</tr>
<tr>
<td>MT</td>
<td>X and N account</td>
<td>548 - 544</td>
<td>548 - 546</td>
</tr>
<tr>
<td></td>
<td>N-account Withholding tax</td>
<td>On ISD 548</td>
<td>On ISD 548</td>
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<tr>
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<td>On effective Settlement Date 547</td>
<td>On effective Settlement Date 545</td>
</tr>
<tr>
<td>Future</td>
<td>X and N account</td>
<td>Sese.024</td>
<td>Sese.024</td>
</tr>
<tr>
<td>MX</td>
<td></td>
<td>Sese.025</td>
<td>Sese.025</td>
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<tr>
<td></td>
<td>N-account Withholding tax</td>
<td>On ISD</td>
<td>Sese.024</td>
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<td>On effective Settlement Date 547</td>
<td>Sese.025</td>
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</table>

\(^{40}\) Not if instruction was entered through GUI (sent in by fax or mail)
\(^{41}\) Not if instruction was entered through GUI (sent in by fax or mail)
\(^{42}\) Not if instruction was entered through GUI (sent in by fax or mail)
\(^{43}\) Not if instruction was entered through GUI (sent in by fax or mail)
## Asset in non €

<table>
<thead>
<tr>
<th></th>
<th>FOP RECE</th>
<th>FOP DELI</th>
<th>DVP RECE (if cash = €)</th>
<th>DVP DELI (if cash = €)</th>
<th>DVP RECE (if cash = not €)</th>
<th>DVP DELI (if cash = not €)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Current</strong></td>
<td></td>
<td></td>
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<td></td>
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<td></td>
</tr>
<tr>
<td>X and N account</td>
<td>548(^{44}) - 544</td>
<td>548(^{45}) - 546</td>
<td>548(^{46}) - 545</td>
<td>548(^{47}) - 547</td>
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<tr>
<td><strong>Future MT</strong></td>
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<td>X and N account</td>
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<td>N-account</td>
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<tr>
<td>Withholding tax</td>
<td><strong>On ISD</strong></td>
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<tr>
<td><strong>Future MX</strong></td>
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</tr>
<tr>
<td>X and N account</td>
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<td><strong>On effective Settlement Date</strong></td>
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Introduction

The NBB-SSS has published on Sharepoint the outcome of its market consultation on the accounts set-up for the Ramses production environment from 1 December 2014. This outcome includes the intended use of the new feature Market Claim indicator by the NBB-SSS participants. The outcome shows a 50/50 split in participants’ preferences for the Market Claims feature.

Market Claims

The concept, application rules and introduction of a Market Claim indicator in the NBB-SSS from phase 1 of the Ramses project follows the T2S development of this feature. For detailed information, please refer to the NBB-SSS Adaptation Plan section 7.2 “Market Claims” and section 7.3 “Transformations”. The NBB-SSS has achieved readiness in Ramses from 1 December 2014 for the T2S compliant feature Market Claims and Transformations.

The current participants’ static data set-up at account level is approx. 50/50 for the 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 User Committee observes that, currently,

- there is no shared market practice nor preference in the NBB-SSS community for Market Claims and Transformations, resulting in a non-readiness as a community.

- there is no harmonization in the T2S-wide community either. Hence, even a NBB-SSS market practice does not guarantee cross-CSD settlement efficiency and the issue should be addressed not only in NBB-SSS Ramses but in T2S as well.
Conclusions

1. **The User Committee strongly recommends that the NBB-SSS operator sets the MC indicator to NOMC (never market claim) as static data in the Ramses test and production environments for all accounts by all participants at 8 October 2014.**
   
   o The User Committee expects agreement from all participants in pursuit of maximum settlement efficiency in NBB-SSS Ramses. In case a participant does not agree with this community-wide shared account set-up, the participant needs to inform NBB-SSS by e-mail to t2s.sss@nbb.be by 15 October 2014 at the latest.

2. **The User Committee confirms that community readiness for Market Claims and Transformations should be reached by 28 March 2016 at the latest, i.e. date of migration of the matching and settlement services from NBB-SSS to the TARGET2 Securities platform, in order to reach T2S compliance. This point will be discussed further at the next User Committee Meeting.**

3. **The User Committee asks the NBB-SSS to address this topic at the upcoming 11th info session at 14 November 2014.**

4. **Finally, the User Committee asks from NBB-SSS community members who participate in T2S forums to raise awareness for the need for cross-CSD harmonization for Market Claims at T2S level.**
Annex 8
Schedule of Automated mailings

<table>
<thead>
<tr>
<th>Mail type</th>
<th>Description</th>
<th>Timing</th>
<th>Send to</th>
<th>Level of detail</th>
</tr>
</thead>
<tbody>
<tr>
<td>EPFAIL</td>
<td>List of unmatched, canceled or postponed notifications</td>
<td>eod</td>
<td>Electronic Plateform</td>
<td>Global, per instruction</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Instructing Party CCP</td>
<td></td>
</tr>
<tr>
<td>LIQUID</td>
<td>List of settled notifications.</td>
<td>eod</td>
<td>Participant</td>
<td>Split by Securities Account</td>
</tr>
<tr>
<td>NONLIQ</td>
<td>List of unsettled transactions (that should have been settled)</td>
<td>eod</td>
<td>Participant</td>
<td>Split by Securities Account</td>
</tr>
<tr>
<td>PAYCOI</td>
<td>Corporate action - Coupon announcement</td>
<td>after 1st partial window - 07:15 am</td>
<td>Issuer</td>
<td></td>
</tr>
<tr>
<td>PAYCOF</td>
<td>Corporate action - Coupon in foreign currency</td>
<td>after 1st partial window - 07:15 am</td>
<td>Paying Agent</td>
<td></td>
</tr>
<tr>
<td>PAYCOU</td>
<td>Corporate action - Coupon in euro</td>
<td>after 1st partial window - 07:15 am</td>
<td>Paying Agent</td>
<td></td>
</tr>
<tr>
<td>PAYSEI</td>
<td>Corporate action - Maturity announcement</td>
<td>after 1st partial window - 07:15 am</td>
<td>Issuer</td>
<td></td>
</tr>
<tr>
<td>PAYSEC</td>
<td>Corporate action - Securities in euro</td>
<td>after 1st partial window - 07:15 am</td>
<td>Paying Agent</td>
<td></td>
</tr>
<tr>
<td>PAYSEF</td>
<td>Corporate action - Securities in foreign currency</td>
<td>after 1st partial window - 07:15 am</td>
<td>Paying Agent</td>
<td></td>
</tr>
<tr>
<td>PRIMAR</td>
<td>The list of your approved adjudications in the primary market.</td>
<td>on flow, when the Belgian Debt Agency inject the XML into Ramses</td>
<td>Participant</td>
<td>Per instruction</td>
</tr>
<tr>
<td>SHORT</td>
<td>The list of your simulated shorts per securities accounts.</td>
<td>at 14.00 and …</td>
<td>Participant</td>
<td>Split by Securities Account</td>
</tr>
<tr>
<td>SITACA</td>
<td>The balance of your account based on your today’s settled notifications.</td>
<td>eod</td>
<td>Participant</td>
<td>Split by Securities Account</td>
</tr>
</tbody>
</table>
| UNMTC     | The list of your unmatched notifications.                                   | • Start of 1st partial window - 07.00 am  
• 14.00  
• 15.45 | Participant           | Split by participants and Counterparties. Includes the pending cancellation request. |
| XNNORM    | The list of your XN operations.                                             | after DVP cut-off window       | Participant           | Global, all XN operations                 |
Dear Participant,

TARGET2 Securities is harmonizing in the coming years the post-trade securities market in the Eurozone and beyond. The NBB-SSS is preparing its migration to TARGET2 Securities in two phases. NBB-SSS Phase 1 – the so-called Ramses project - implements most T2S features in the NBB-SSS at an early stage. NBB-SSS Phase 2 migrates the matching and settlement processes to the single technical platform of T2S in the T2S wave 2 which is shared with two other CSDs, i.e. Euroclear ESES and Interbolsa.

The NBB-SSS was the first CSD to announce and implement such two-phased approach. The reasons for this approach are an earlier deployment of the T2S benefits well in advance of the T2S deadline and a lower project risk compared to a big bang approach. In this context, Phase 1 Ramses was set to go-live on NBB-SSS business day 1 December 2014.

After a thorough analysis of all elements at hand for the final “go - no go decision”, the decision was made on 18 November 2014 by the National Bank of Belgium, together with its solution provider Montran Corporation, not to deploy Phase 1 Ramses at the initial go-live date but to reschedule the Ramses migration weekend towards business day 2 February 2015. The overall timetable for NBB-SSS Phase 2 to enter the T2S wave 2 in March 2016 remains unaffected.

The following considerations have led to the decision of rescheduling the Ramses go-live to 2 February 2015:

- Product readiness: the functionalities of the Ramses application will not be changed but the infrastructure needs further architectural improvement and testing regarding stability, performance and volume capacity.
- Client readiness: the majority of the NBB-SSS participants are still improving their test results and building experience even if for most participants – but not all - certification for Ramses has been obtained.
- The new date avoids interference with market participants’ activities during the traditionally busy calendar year-end.

As a way forward the NBB-SSS is planning to deploy a frozen release in the pre-production environment on 15 December 2014 which will be the basis for the further activities towards the activation in production in the migration weekend with business day 2 February 2015. In addition and subsequently to the current decision, the new “Terms and conditions governing the participation in the NBB-SSS” will enter into force on 2 February 2015.
The participants’ Single Points Of Contact (SPOCs) will be invited in due time to the 12th Ramses Info session on Thursday 8 January 2015 at the NBB premises. The Info session will further elaborate the Detailed Migration Storyline as the script for the migration weekend.

Rescheduling the Ramses go-live at this point in time is unexpected but is the outcome of a scheduled final risk assessment for the “go - no go decision”. The NBB-SSS regrets any inconvenience for the participants.

Kind regards,

NBB-SSS
### Glossary of terms related to this document

<table>
<thead>
<tr>
<th>Term</th>
<th>Definition</th>
</tr>
</thead>
<tbody>
<tr>
<td>Allegement</td>
<td>A message to advise an account owner that another party has instructed against its account for which the account owner has no corresponding instruction in the securities settlement system.</td>
</tr>
<tr>
<td>Auto-collateralization</td>
<td>An arrangement whereby securities being transferred can be used as collateral to secure credit granted in order to settle the transfer.</td>
</tr>
<tr>
<td>Batch</td>
<td>A group of orders (payment orders and/or securities transfer orders) to be processed together.</td>
</tr>
<tr>
<td>BIC</td>
<td>Bank Identifier Code. An International Standardization Organization technical code that uniquely identifies a financial institution. SWIFT is the registration authority for BICs. The BIC consists of eight or eleven characters, comprising a financial institution code (four characters), a country code (two characters), a location code (two characters) and, optionally, a branch code (three characters).</td>
</tr>
<tr>
<td>Bilateral Cancellation of Settlement Instruction</td>
<td>Defines the process, requiring both the deliverer and the receiver of securities of a matched settlement instruction to cancel their respective instruction to effect cancellation.</td>
</tr>
<tr>
<td>(CCP) Central Counterparty</td>
<td>An entity that intervenes between the counterparties to the contracts traded in one or more financial markets, becoming the buyer to every seller and the seller to every buyer.</td>
</tr>
<tr>
<td>(CSD) Central Securities Depository</td>
<td>An entity that: 1) enables securities transactions to be processed and settled by book entry and; 2) plays an active role in ensuring the integrity of securities issues. Securities can be held in a physical (but immobilized) or dematerialized form (i.e. so that they exist only as electronic records).</td>
</tr>
<tr>
<td>Clearing</td>
<td>The process of transmitting, reconciling and, in some cases, confirming payment or securities transfer orders prior to settlement, possibly including the netting of orders and the establishment of final positions for settlement. Sometimes the term is used (imprecisely) to include settlement.</td>
</tr>
<tr>
<td>Collateral</td>
<td>An asset or third-party commitment that is used by the collateral provider to secure an obligation vis-à-vis the collateral taker.</td>
</tr>
<tr>
<td>Corporate action</td>
<td>Action or event decided by the issuer of a security which has an impact on the holders. Such an event can be optional if there is a choice for the holders (example: exercise the right to purchase more shares with conditions specified by the issuer) or mandatory if there is no choice for the holders (example: dividend payment, stock split).</td>
</tr>
<tr>
<td>Cross-border settlement</td>
<td>Settlement that takes place in a country other than the country in which one or both parties to the transaction are located.</td>
</tr>
<tr>
<td></td>
<td>Antonym: Domestic settlement.</td>
</tr>
<tr>
<td>CSD link</td>
<td>A set of technical and legal arrangements between two CSDs, most notably an investor CSD and an issuer CSD, for the cross-system transfer of securities.</td>
</tr>
<tr>
<td></td>
<td>See also Investor CSD, Issuer-CSD, direct link, indirect link.</td>
</tr>
<tr>
<td>Cut-off time</td>
<td>The deadline defined by a system (or an agent bank) to accept transfer orders for a defined settlement cycle.</td>
</tr>
<tr>
<td>(DCA)</td>
<td>Dedicated Cash Account</td>
</tr>
<tr>
<td></td>
<td>See also T2S Dedicated Cash Account</td>
</tr>
</tbody>
</table>

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48 These definitions are definitions of concepts used by market participants, not legal definitions. This glossary is based on the official T2S glossary.
<table>
<thead>
<tr>
<th>Term</th>
<th>Definition</th>
</tr>
</thead>
<tbody>
<tr>
<td>(DCP)</td>
<td>(T2S) Directly Connected Party</td>
</tr>
<tr>
<td>(DvP)</td>
<td><strong>Delivery versus Payment</strong></td>
</tr>
<tr>
<td>Direct link</td>
<td>An omnibus account opened by a CSD, referred to as the investor CSD, in the books of another CSD, referred to as the issuer CSD, in order to facilitate the transfer of securities from participants in the issuer CSD to participants in the investor CSD. In some cases, the link may be operated by an intermediary that acts only as a technical service provider, without affecting securities ownership or legal issues; in such cases, the link is known as an “operated direct link”. See also Omnibus account, Investor CSD.</td>
</tr>
<tr>
<td>Direct participant</td>
<td>A participant in a system that can perform all activities allowed in the system without using an intermediary, including in particular the direct input of orders in the system and the performance of settlement operations. Antonym: Indirect participant.</td>
</tr>
<tr>
<td>(DLNS)</td>
<td>Dedicated Liquidity for NBB-SSS</td>
</tr>
<tr>
<td>Domestic Settlement</td>
<td>A settlement which takes place in the country (or in the currency area) in which both parties to the transaction are located. Antonym: Cross-border settlement</td>
</tr>
<tr>
<td>(DWTT)</td>
<td>Dedicated Withholding Tax Transaction</td>
</tr>
<tr>
<td>Eligible assets, eligible collateral</td>
<td>Assets which can be used as collateral in order to obtain credit from the Eurosystem</td>
</tr>
<tr>
<td>(EoD)</td>
<td>End of Day</td>
</tr>
<tr>
<td>Fail, failed transaction</td>
<td>A transaction that does not settle on the contractual settlement date, but may be retained and may settle thereafter.</td>
</tr>
</tbody>
</table>
| Final settlement, final transfer | A settlement or a transfer is final when it is unconditional, enforceable and irrevocable, even in the framework of insolvency proceedings against a participant (except in case of criminal offences or fraudulent acts, as decided by a competent court). In the European context, it can be distinguished between:  
  - the enforceability of a transfer order which is binding on third parties and protected from insolvency risks, provided that the transfer order was entered into the system, as defined by the rules of that system, before the opening of insolvency proceedings (transfer orders entered into a system after the moment of opening of insolvency proceedings are legally enforceable only in exceptional circumstances); and  
  - the irrevocability of a transfer order which cannot be revoked by the participant from the moment defined by the rules of that system.  
A reference may also be made to the finality of transfer, whereby entitlement to the asset (be it cash or securities) is legally transferred to the receiving entity.|
<p>| (FOP)        | <strong>Free-of-payment delivery</strong>                                                                                                                                                                               |
| Gridlock     | A situation that can arise in a funds or securities transfer system in which the failure to execute one or more transfer orders prevents the execution of a substantial number of orders from other participants.                                                                 |
| Gross Settlement | A transfer system in which the settlement of funds or securities transfer instructions occurs individually (on an instruction-by-instruction basis). |</p>
<table>
<thead>
<tr>
<th>Term</th>
<th>Definition</th>
</tr>
</thead>
<tbody>
<tr>
<td>(GUI)</td>
<td>Graphical User Interface</td>
</tr>
<tr>
<td>Hold and Release Mechanism</td>
<td>A process by which a CSD or instructing party may block a pending settlement instruction from settlement or remove a block on a pending settlement instruction.</td>
</tr>
<tr>
<td>(ICP)</td>
<td>Indirectly Connected Party</td>
</tr>
<tr>
<td>Indirect link</td>
<td>A link between two CSDs through an intermediary, whereby the two CSDs do not have any direct contractual or technical arrangement.</td>
</tr>
<tr>
<td>Indirect participant</td>
<td>A participant in a funds or securities transfer system with a tiering arrangement using a direct participant as intermediary to perform some of the activities allowed in the system (particularly settlement).</td>
</tr>
<tr>
<td>(ISD)</td>
<td>The date on which the parties to a securities transaction agree that settlement is to take place. This intended settlement date is also referred to as the contractual settlement date or value date</td>
</tr>
<tr>
<td>Internal Settlement</td>
<td>Settlement that is effected through transfers of securities and/or funds on the books of a bank or investment firm, as opposed to settlement via an interbank funds transfer system or a CSD.</td>
</tr>
<tr>
<td>(ICSD) International Central Securities Depository</td>
<td>A central securities depository (CSD) which was originally set up to settle Eurobonds trades and which is now also active in the settlement of internationally traded securities from various domestic markets, typically across currency areas. At present, there are two ICSDs located in EU countries: Clearstream Banking Luxembourg and Euroclear Bank Brussels.</td>
</tr>
<tr>
<td>Intraday liquidity</td>
<td>Funds which are available or can be borrowed during the business day in order to enable financial institutions to effect payments/settlements. Repayment of the borrowed funds should take place before the end of the business day.</td>
</tr>
<tr>
<td>Investor CSD</td>
<td>A term used in the context of CSD links. The investor CSD – or a third party acting on behalf of the investor CSD – opens an omnibus account in another CSD (the issuer CSD), so as to enable the cross-system settlement of securities transactions. See also Direct link, Issuer-CSD (issuing CSD).</td>
</tr>
<tr>
<td>Issuer-CSD (issuing CSD)</td>
<td>In the context of links between CSDs, designates the CSD in which securities are issued (or immobilized). The issuer CSD has an omnibus account in its books in the name of the investor CSD(s) for the transfer of securities to the investor CSD(s) (or to a third party, e.g. an intermediating CSD, acting on behalf of the investor CSD and its clients). See also Direct link, Investor CSD.</td>
</tr>
<tr>
<td>Mandate (for direct debits)</td>
<td>The authorization given by the payer to the payee and/or to its own account holding institution to debit his/her account. = PoA</td>
</tr>
<tr>
<td>Matching</td>
<td>The process used for comparing the settlement details provided by the buyer and the seller of securities or financial instruments in order to ensure that they agree on the terms of the transaction.</td>
</tr>
<tr>
<td>Multiple batch processing</td>
<td>See Batch.</td>
</tr>
<tr>
<td>Net settlement</td>
<td>The settlement of transfer orders on a net basis.</td>
</tr>
<tr>
<td>Netting</td>
<td>In the context of clearing or settlement systems, an agreed offsetting of mutual obligations by participants in a system. The process involves the calculation of net settlement positions and their legal reduction to a (bilateral or multilateral) net amount.</td>
</tr>
<tr>
<td>Omnibus account</td>
<td>An account in which the securities of multiple parties are recorded together. For example, a participant in a clearing or settlement system often maintains an omnibus account in the system for all its clients.</td>
</tr>
<tr>
<td>Term</td>
<td>Definition</td>
</tr>
<tr>
<td>-------------------------------------------</td>
<td>----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>Optimization mechanism</td>
<td>A procedure to determine the order in which transfer orders are to be processed and settled in a transfer system in order to increase settlement efficiency.</td>
</tr>
<tr>
<td>Partial Settlement</td>
<td>A process that settles only a fraction of settlement instructions’ original volume and amount when full settlement is not possible due to lack of securities. The residual unsettled volume and amount may settle at a later stage on the intended settlement date. Any residual amount at the end of the intended settlement date results in the reporting of a failed settlement.</td>
</tr>
<tr>
<td>Participant</td>
<td>An entity which is identified/recognized by the transfer system and which is allowed to send, and is capable of receiving, transfer orders to/from the system, either directly or indirectly. See also Direct participant, Indirect participant.</td>
</tr>
<tr>
<td>Payment</td>
<td>In a strict sense, a payment is a transfer of funds which discharges an obligation on the part of a payer vis-à-vis a payee. However, in a technical or statistical sense, it is often used as a synonym for “transfer order”.</td>
</tr>
<tr>
<td>(PFoD) payment free of delivery</td>
<td>Defines an exchange of cash without the delivery of securities.</td>
</tr>
<tr>
<td>Pledge</td>
<td>The delivery of assets to secure the performance of an obligation by one party (the debtor) vis-à-vis another (the secured party). For the secured party, a pledge creates a security interest (lien) in the assets delivered, while leaving ownership of the assets with the debtor.</td>
</tr>
<tr>
<td>PoA</td>
<td>Power of Attorney</td>
</tr>
<tr>
<td>Real-time gross settlement (RTGS) system</td>
<td>A settlement system in which processing and settlement takes place on a transaction-by-transaction basis in real time.</td>
</tr>
<tr>
<td>Realignment</td>
<td>The transfer of assets from the account of one CSD to the account of another, so as to create a direct relationship with the issuer CSD.</td>
</tr>
<tr>
<td>(RD) Record Date</td>
<td>Date on which positions are struck at the end of the day to determine the parties that are entitled to the Corporate Action as well as the size of their entitlement. For NBB-SSS, the record date is always the business day before the payment date.</td>
</tr>
<tr>
<td>Recycling</td>
<td>The resubmission of a failed matched settlement instruction for a new settlement attempt, when still eligible for settlement, or reintroduction of an unmatched settlement instruction into the matching process after the previous matching attempt has failed.</td>
</tr>
<tr>
<td>Repurchase agreement</td>
<td>An arrangement whereby an asset is sold while the seller simultaneously obtains the right and obligation to repurchase it at a specific price on a future date or on demand. Such an agreement is similar to collateralized borrowing, with the difference that ownership of the securities is not retained by the seller.</td>
</tr>
<tr>
<td>(SSS) Securities Settlement System</td>
<td>A system which permits the transfer of securities, either free of payment (FOP) or against payment (delivery versus payment).</td>
</tr>
<tr>
<td>Segregation</td>
<td>A method of protecting client assets by holding them separately from those of the custodian (or other clients, as the case may be).</td>
</tr>
<tr>
<td>Settlement</td>
<td>The completion of a transaction or of processing in a transfer system, such that participants meet their obligations through the transfer of securities and/or funds. A settlement may be final or provisional. With the exception of a zero net balance, settlement requires the opening of accounts by competent institutions (see settlement account). See also Final settlement, final transfer; Gross settlement; Net settlement.</td>
</tr>
<tr>
<td>Settlement cycle</td>
<td>In the field of securities, the time period that elapses between the trade date and the settlement date. It is also referred to as &quot;settlement interval&quot;.</td>
</tr>
<tr>
<td>Term</td>
<td>Definition</td>
</tr>
<tr>
<td>------------------------------</td>
<td>-------------------------------------------------------------------------------------------------------------------------------------------</td>
</tr>
<tr>
<td><strong>Settlement day</strong>&lt;br&gt;(or date)</td>
<td>The day on which settlement actually takes place.</td>
</tr>
<tr>
<td><strong>Settlement failure</strong></td>
<td>The inability of a participant to meet its settlement obligations in a system. This inability may be temporary or permanent. See also Fail, failed transaction.</td>
</tr>
<tr>
<td><strong>(SoD)</strong></td>
<td>Start of Day.</td>
</tr>
<tr>
<td><strong>(SR)</strong></td>
<td>Swift Release.</td>
</tr>
<tr>
<td><strong>Straight-through processing (STP)</strong></td>
<td>The automated end-to-end processing of trades/payment transfers, including, where relevant, the automated completion of confirmation, matching, generation, clearing and settlement of orders.</td>
</tr>
<tr>
<td><strong>T2S Dedicated Cash Account</strong></td>
<td>An account exclusively used for securities settlement in T2S, linked to an RTGS account in TARGET2 or in another RTGS platform of a T2S eligible currency other than Euro</td>
</tr>
<tr>
<td><strong>(TD)</strong></td>
<td>Trade date</td>
</tr>
<tr>
<td><strong>(UDFS)</strong></td>
<td>User Detailed Functional Specifications.</td>
</tr>
<tr>
<td><strong>(URD)</strong></td>
<td>User Requirements Details.</td>
</tr>
<tr>
<td><strong>Value date</strong></td>
<td>A reference date used for the calculation of interest on the funds held on an account.</td>
</tr>
<tr>
<td><strong>VPN</strong></td>
<td>Virtual Private Network</td>
</tr>
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