

Minutes of the 13th User Committee Meeting 03-09-2018



Chairman: Olivier De Bruyn (KBC)

Members: Dominique Dalle (BDA), Nicolas Peckel (Euroclear Bank), Antoine Denayer (BNP Paribas SS), Sofie Janssen (BNY Mellon), Catherine Vanderheyden (Belfius), Elly Van As (CITI), Pieter Samyn (ING Belgium)

Secretary: Renan van der Wolf (replacing Koen Geenen; NBB-SSS)

NBB-SSS: Marc Lejoly, Jimmy Steenhout, Renan van der Wolf

Excused: Jean-Paul Rousseau (Febelfin), Luc Verhelst (BNP Paribas Fortis), Koen Geenen (NBB-SSS)

Date: Monday 3 September 2018 from 10:00 – 12:30 CET, followed by a seated lunch

Venue: Room 8, 5th floor, de Berlaimontlaan 14, Brussels

Introduction

- Approval of minutes of UC meeting 08-03-2018

The minutes of the previous UC meeting are approved by the UC.

- Follow-up from UC meeting 08-03-2018

- Simulator for the CSD-R penalties: simulator is not possible given the complexity and the data required (implementing a simulator is equivalent to implementing a CSD-R penalty mechanism). A simulation will be made for several cases before end 2018.
- Monthly report: in production.
- "Valhalla" project: tender ongoing
- Self-certification of the participants: started on the 02/07/2018, ongoing.
- BCP E2E testing: dates will be proposed during this meeting.
- AFME Due Diligence Questionnaire: the questionnaire will be published by end 2018.
- Grouping issuer invoices per Paying Agent: member views will be collected during this meeting.
- E-signed e-mails: an e-mail has been sent to all SPOCs to explain the situation and the different options.
- Closing days (Easter and 1 May in 2018 and 2019): a reminder has been sent to SPOCs and Production addresses in March 2018.
- E-invoices: alternative solution using Sharepoint.

- Approval of the agenda of UC meeting 03-09-2018

The agenda is approved by the UC.

1. NBB-SSS Facts and figures

- Issuance activity

The outstanding amount has decreased since end 2017. This topic will be covered during the Paying Agent meeting on the 28th November 2018 11 December 2018 (*changed after the meeting*)

- Settlement volumes

- Settlement ratio

Despite the daily penalties dashboard and the monthly report created by the NBB-SSS, the settlement efficiency keeps decreasing even if it is still above the T2S global average.

The only options left are "name and shame" and raising the administrative fines.

The UC members consider the monthly report as very useful but do not use it currently in meetings with counterparties. Given more time, this could change. Concerning the settlement efficiency, several views are collected:

- Penalized transactions mostly involve customer accounts of the participants.
- The problem lies down the chain and not with the NBB-SSS participants.
- The fines are recharged to the customers of the participants, but not with added fines (even given the administrative work required from the participants).
- CSD-R penalties will not have an impact given their level but buy-in will.
- The fines could be increased if the settlement efficiency decreases below a specific level (and decrease if the settlement efficiency improves).
- Participants could be penalized based on their own settlement efficiency (the higher it is, the lower the fines are).

In conclusion:

- "Name and shame" and adapting the model of the fines will be postponed for 6 months to give more time to the monthly report to have an impact.
- The NBB-SSS will provide:
 - A settlement efficiency with a split between DvP and FoP, if provided by T2S in the monthly OMG indicator
 - A ranking to the participants and an overview of the transactions on which the buy-in could be applied.

2. Service review

- Availability and incidents

The availability of T2S and Ramses has been generally positive since the last UC.

T2S

There were two incidents with a duration greater than 30 minutes:

- 27/06/2018 (33 minutes): at 19:20, the T2S Operator detected an alarm in the technical monitoring related to SRR2 event (check static data revalidation). After a first analysis it was discovered that the issue was related to a DB2 process that was not able to perform one task resulting in the blockage of the whole Start of day process. The process was waiting for the release of a tablespace that was used by one user for monitoring purposes. The T2S Operator unlocked the referenced resource and the Start of day was resumed at around 19:55. The NTS started at around 20:33.
- 28/06/2018 (30 minutes): at 15:23 a CSD contacted the T2S Service Desk to report about some Settlement Instructions which remained unsettled. It was finally recognised that the number of affected instructions were 30 (only PFOD instructions). The IDVP event was delayed by 30 minutes.

The deployment of the T2S Release 2.0 did not go very smoothly but process and procedures have been setup to avoid the same problems in future releases (specific volume tests, etc).

Two delays have also been requested:

- 26/06/2018: a CSD requested a delay for technical reasons of CSD.
- 23/07/2018: a CSD requested a delay of the DVP cut-off from 16:00 to 17:00 for one participant.

After these two delays, the NBB-SSS pushed to define conditions for requesting delays (analysis ongoing in OMG). An agreement on the conditions has not yet been reached. The NBB-SSS also would like to know:

- What is the reason behind the decrease of 3% of the settlement efficiency on the 23/07/2018
- What are the participant views on delays of the DVP cut-off ?

The UC members expressed the following opinions:

- Information about the delay may not have been transferred to all concerned services of the participant (cash side).
- Liquidity transfers done by the participants were already executed before the DvP cut-off, so even if transactions could settle there is no cash to do it.

The NBB-SSS will:

- Send a questionnaire to the UC members so that they have more time to investigate about the settlement efficiency decrease.
- Check if there is an increase in the "Release" on the 23 July.
- Communicate the criteria to delay T2S once they are clear.

The NBB-SSS software availability was 100% during the last period but the SWIFT messaging has been interrupted twice (on the 23/04/2018 and on the 19/06/2018). Actions have been taken to avoid the cause to happen again in the future.

3. Status T2S and RAMSES releases

- T2S Rel.2.0 and RAMSES Rel. 3.5.26 (10-06-2018)

Details about the content of the T2S release 2.0 and the RAMSES release 3.5.26 are available on the NBB-SSS Sharepoint:

<https://t2s.nbb.be/Participants/Shared%20Documents/RAMSES%20release%20overview.pdf>

In the change request T2S-0515-URD, it has been allowed to settle in T2S with an ISD 20 days after the maturity date of the security. The change request comes from the CASG, who will redraft it to solve the problem. Given the time to go through the change request process and in production, this situation can be expected to last.

The next T2S release will be the 2.1 and is planned on the 15/09/2018.

Concerning the T2S release 3.0, the NBB-SSS is not aware of any recertification by T2S and will relay this question to the CSG.

- Pending change requests for RAMSES releases

The current list of change requests is the following one:

package	description	user approval	committee approval
P7	add alert-wtx afte-routing message subtype ...	not applicable	
P8	add reveal tab operation XN	not applicable	
P9	XML primary market operation DBA	not applicable	
P100	Corporate Action type: PUT	not withheld	
P102	Capitalisation of interest	withheld	
P12	Corporate action: free text / P12 - MT564 when ISIN suspended	not withheld	
P13	DVP in foreign currency	not applicable	
P14	Define SWIFT messaging at account level	withheld	
P15	N account ESES	not applicable	

P16	Autocollateralisation on auctions	not withheld
P17	Cancellation of a stripping or a reconstitution	not withheld
P18	Processing sese.023 - sese.024 - sese.025 - Cyber-security	not applicable
P19	on inserting an asset with REGS request the linked Rule 144A asset	not applicable
P20	Fines for cross border settlement	not applicable
P21	fee for realignment and autocollateralisation instructions	not applicable

Note that even if the P17 has not been selected by the UC, the NBB-SSS decided to implement it.

– Settlement Efficiency

An AmiSeCo survey on the change request CR653 (partial release functionality) has been sent on the 23/07/2018 to the UC members with the 31/07/2018 as deadline.

A kind reminder will be sent by the NBB-SSS to the participants who do not have yet answered.

– DKK in T2S

The NBB-SSS will open DKK accounts at KRONOS2 and the onboarding procedure should begin as from September 2018 and not end before 1/11/2018. Participants and Paying Agents with securities in DKK will have to open a DCA in DKK. The use of DKK will start as from 1/11/2018 and not 29/10/2018 (but to be confirmed). For information, there is currently no securities in DKK in the NBB-SSS.

– DVP foreign currencies

The service provider will be selected among the applying candidates by the end of October 2018. The NBB-SSS service should move in production in October-November 2019. The Royal Decree on Foreign Currency will be amended in due time to remove the frozen day (record date) before payment date when the NBB-SSS will ensure the payment of the corporate actions.

4. Self-certification

– Self-certification form

This self-assessment on IT security (security standard ISO27002 and ECB TARGET2 questionnaire since 2008) has been sent to all participants by e-mail on the 02/07/2018 and was to be returned by surface mail to the NBB-SSS at the latest by the 31/08/2018.

A kind reminder will be sent to the participants who do not have answered and the deadline was postponed to the 21/09/2018.

– BCP E2E testing

The NBB-SSS tests its BCP twice per year from the secondary sites. With CSD-R, BCP testing requirements includes now end-to-end testing. The NBB-SSS proposes two dates to do the BCP testing with its major participants: the 27/11/2018 and the 11/12/2018.

The NBB-SSS will send a mail to the concerned participants so that they can confirm their choice.

After the meeting, it was decided to plan the info session on the 11/12/2018, so another date will be communicated along with the email to the concerned participants.

5. Pricing

– T2S fees and RAMSES fees

See the presentation about the pricing (<https://www.nbb.be/doc/ti/pricing03092018.pdf>).

6. Miscellaneous

– Grouping issuer invoices per Paying Agent

Currently, the paying agents receive one invoice for them and several for each issuer they have. The NBB-SSS proposes to implement a feature to send a single invoice to the paying agent with annexes containing details per issuer, so that the paying agent could still easily split the invoice per issuer.

The UC confirmed that this feature could be interesting, so the NBB-SSS will investigate further.

– Electronic invoices

To answer the need of the participants to receive invoices per e-mail, the NBB-SSS plans to make all the invoices available on Sharepoint with dedicated library for each participant and an additional specific dedicated library for each paying agent. It should be possible to use the built-in alerting system to send an automated e-mail to a predefined address when a new addition has been made available.

The NBB-SSS will keep the participants informed of the implementation and production date of this service.

– Signed e-mails and Certification Authority questionnaire

As explained in the previous UC meeting, the deadline for using only signed e-mails is the 01/01/2019 and a 6 months grace period will be granted. An e-mail has been sent to all the participants, giving more details about the available options. The NBB-SSS advises to use option 1a (use the RAMSES token to sign) or 1b (use a certificate issued by a EU recognized Certification Authority).

– GDPR

GDPR applies since 25/5/2018 and the NBB-SSS sent an e-mail on the 01/06/2018 to state that:

- Only the needed info will be asked to the participants.
- It will be stored in a secure environment, with an access on need-to-know basis and the archive are removed after 10 years.

The NBB-SSS also updated its token management:

- For the trusted agent, only a copy of the front side (with permission to blank out non-requested fields) is needed. End users do not need to submit copy ID as their identity towards the NBB-SSS is validated by the Trusted Agent.

The T&Cs of the NBB-SSS and its annexes will be updated for the new version on the 01/01/2019.

– Candidate new member User Committee

A new participant in the NBB-SSS fulfils the criteria to become a member of the UC, but the mandate of the UC states that "The composition shall be reviewed every two years". The last review was done in March 2018, so the next one is in March 2020.

The UC agreed that even if a new participant could become a member of the UC because it fulfils the entry criteria, it will have to wait until the next review to become an effective member. Sticking to the rule in the mandate gives a stability to the composition of the UC, allowing the members to become familiar with the topics at hand.

– Info session NBB-SSS in 11/2018

In November 2018, a meeting will be organized in two parts with the NBB-SSS participants for at least the following topics:

- An info session for all participants in the morning:

- Migration ISO20022
- MyStandards
- T&C 01/03/2019
- Collection of self-certification and KYC-Swift Alliance
- BCP end-to-end testing
- New pricing from 01/01/2019
- E-signed e-mails
- DvP in foreign currency
- A session for paying agents in the afternoon:
 - Issuer services from NBB-SSS
 - Securities issuance process flow
 - Importance of providing all info to SIX/Telekurs for correct CFI codes

The NBB-SSS will send invitations for these sessions. After the meeting, it has been decided to plan the info session and paying agent session on the 11/12/2018.

– Insolvency test

The NBB-SSS and the NBB will participate in the insolvency test organized by T2S on the 17/09/2019. With CSD-R, participants must be involved in the testing.

The NBB-SSS will send an e-mail with more details.

7. Items not on the agenda

- The NBB-SSS is currently testing an issuance with a primary dealer in another CSD. Up-to-now, the results are positive
- The relayed link with Interbolsa via Euroclear France has been activated on the 06/08/2018.
- A link with Clearstream Frankfurt and with Clearstream Luxemburg as customer of Frankfurt is being tested. It should be activated as from the 22/10/2018. When it is, the place of settlement (PSET field) must be adapted for the clients. Be aware that wrong PSET could mean instruction staying unmatched. The NBB-SSS will send an e-mail with more technical information.
- The next meeting of the UC will take place on the 1st Monday of March, so on the 04/03/2019.
