

# Minutes of the 11<sup>th</sup> User Committee Meeting 21-09-2017

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## Attendance:

*Chairman:* Bart Baudewyn (BNP Paribas Fortis)

*Members:* Philippe Lepoutre (BDA), Olivier De Bruyn (KBC, conference call for agenda item 1), Pieter Samyn (ING), Nicolas Peckel (Euroclear Bank), Elly van As (Citibank), Luc Goossens (Belfius), Antoine Denayer (BNP Paribas SS), Jean-Paul Rousseau (FebelFin)

*Secretary:* Koen Geenen (NBB-SSS)

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

## Introduction

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- The minutes of the last UC meeting were approved in written consultation.
- New UC members:
  - o Antoine Denayer (BNP Paribas SS)
  - o Lieven Libbrecht (Euroclear Bank), for this meeting replaced by Nicolas Peckel
- Composition and chairmanship:
  - o The UC mandate holds a review every 2 years for composition and every 4 years for chairmanship. Both were overlooked in September 2016.
  - o The UC agrees:
    - New member Sofie Janssen (BNY Mellon) as BNYM is in Top4 Participants regarding outstanding positions (criterion in UC mandate).
    - Citibank is no longer in Top4 Participants but the members appreciate the added value of the Citibank representative as Citibank has a different profile (*e.g.* DCP, usage autocollateralisation, T2S-wide coverage, observer in some T2S Working Groups) from most members and, therefore, adds to the heterogeneous representation of UC as promoted by CSDR.  
The Citibank representative will continue to be a UC member. The UC mandate will be submitted to the NBB Board in order to incorporate the proposed change in number of members.
    - The Chair Mr Bart Baudewyn will have a better view on his responsibilities within his institution by the next UC meeting in March 2018. The UC Chairmanship will be addressed at that occasion in order to have the new term for the elected Chair starting at the September 2018 meeting.

## 1. Status Vision 2020

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- The NBB Board will address the Vision 2020 strategic reflection on 3/10/2017, without the guarantee that the decision on the NBB-SSS future will be made at that Board meeting. The decision will be made at the latest by end 2017.
- The NBB-SSS advises to the NBB Board to i) communicate a closure at least 3 years before the closing date, and ii) to have minimum 5 years of stability after the high investments for all parties for the NBB-SSS migration to T2S in March 2016.
- The meeting recalls that the various stakeholders, primarily the Belgian State and the NBB-SSS banking community, are highly satisfied with the services provided by the NBB-SSS. There is little understanding that NBB-SSS would disregard the stakeholders preferences, particularly as the NBB-SSS service is offered by the NBB at a cost recovery basis.

- An important driver for the NBB Board is the benchmarking among central banks in the Eurosystem for which CSD services are not a central bank core activity.
- The UC acknowledges that the confirmation of the views from more senior representatives of the stakeholders could result in a higher impact.
- The Febelfin Board is discussing the NBB-SSS Vision 2020 strategic reflection on 22/9/2017. UC members request from Febelfin to submit any additional relevant outcome to the NBB-SSS for consideration by the NBB Board.

## 2. NBB-SSS Facts and figures

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- Settlement volumes:
  - o Issuances and number of transactions fairly stable.
- Settlement rate
  - o T2S cannot deliver better figures for April and May 2017. Due to the Easter and 1 May closing days for which the NBB-SSS opted to block settlement, the monthly figures are not a fair representation of the settlement rate for those two months.  
T2S Steering level is discussing a possible alignment of TARGET2 and T2S calendars. Hence, reoccurrence of the non-harmonization across CSDs for those "closing days" would in principle then be avoided.
  - o Due to the increased active monitoring (Daily Performance Dashboard) by NBB-SSS and the Participants, the settlement rate is improving.
  - o Settlement rate is considered to be very high. Unfortunately, the calculations from NBB-SSS and T2S are not identical. NBB-SSS is analysing T2S calculation of settlement rate and may challenge T2S governance structure on this topic.

## 3. Service review

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- Availability:
  - o NBBSSS: no breaches of 99% KPI in observed period
  - o T2S: breaches of 99,70% KPI in February, March and April 2017:
    - February: 5 non-critical delays of start NTS of approx. 30 minutes. NTS duration is approx. 2,5 hours so still well in time for completing NTS before the maintenance window.
    - March and April: 2 critical delays of 3,5 hours caused by Monte Titoli (IT CSD). Monte Titoli has resolved its internal dependence and guarantees that the delay they caused twice cannot reoccur.
- Incident NBB-SSS 24/7/2017:
  - o T2S back-to-back partialling behaviour led to an overload of messages. As a result RAMSES slowed down which impacted ICP. T2S had no slowdown and T2S GUI remained available.
  - o Several CSDs (Clearstream, Iberclear, NBB-SSS) have already been confronted with this undesired T2S behaviour and will jointly submit a change request to T2S.

## 4. NBB-SSS production

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- New Terms & conditions version 1/3/2018 to incorporate changes since NBB-SSS migration to T2S (current T&C v. 03/2016) and CSD compliance.
  - o Written consultation with the UC aimed from 6/10/2017 to 3/11/2017.
  - o NBB-SSS is CSD service offered by a central bank and, therefore, does not have the same obligations from CSDR as private CSDs. Still, NBB-SSS is working towards maximum compliance with CSDR for all relevant articles.

- UC requests presentation of “matching exercise” of CSDR with new T&C by UC meeting March 2018, *i.a.* articles related the internal audit to the UC, minutes of the UC to the NBB Board.
- Administrative fines (former “penalties”) and monitoring
  - The individual Daily Performance Dashboard is highly appreciated and facilitates the Participants’ monitoring.
  - From July 2017 onwards, there is a clear drop in fines with a huge decrease in August 2017 and slight increase in September 2017, particularly for the LATE-fine.

## 5. Status T2S and RAMSES releases

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- T2S Releases: More info on <http://www.ecb.europa.eu/paym/t2s/governance/tg/html/crg.en.html>
  - Release 2.0:
    - Minor content
    - The final XSD schemas will be provided in MyStandards by end of January 2018, the UDFS v3.0 and UHB v.3.0 by 2/3/2018. Deployment in UTEST on 30/3/2018 and 27/4/2018 (2 batches), deployment in PROD on 9/6/2018.
    - Participants will be informed of aligning RAMSES release in due time.
  - Release 3.0:
    - Content mainly CSDR compliance (*i.a.* CR654 Penalty mechanism) and upgrade to ISO 2017 standards.
    - Timing: 2019
    - Participants will be informed of the aligning RAMSES release in due time.
- RAMSES:
  - DVP foreign currencies:
    - Negative advice from the Federal Reserve for opening USD account by NBB-SSS: FED has no objections for the NBB-SSS issuing in USD in primary market but opposed to USD settlement for secondary market outside US.
    - Alternatives for Participants:
      - Cash leg in EUR (from October 2018 DKK as well): added in the T&C and operationally available.
      - Conditional transfer of bonds in USD and final only when the cash transfer has been confirmed (with “Hold Release” feature).
    - With USD traffic out of the equation, GBP INX will be charged at 35 EUR on a cost recovery basis.
    - First tests successful for GBP traffic.
  - Prioritisation of pending change requests: subject of separate UC written consultation.

## 6. Miscellaneous

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- The NBB-SSS has signed the ISO20022 Harmonization Charter :
  - The SWIFT User Guide will be on SWIFT MyStandards from the beginning of October 2017 onwards (prior to SIBOS 16-19/10/2017).
  - Read license for MyStandards is free of charge.

- The NBB-SSS will at some point in time start discouraging the use of ISO15022. In the T&C version 03/2018 the fee structure for both standards ISO15022 and ISO20022 is non-discriminatory and no charges are levied for the conversion service by the NBB-SSS.
- Fee for partialling feature:
  - Febelfin relays BNYM view that the NBB-SSS fee on partialling (5 EUR, T&C Art. 8.1.2) is seen as a case of overcharging.
  - The NBB-SSS recalls:
    - T2S charges the NBB-SSS for all T2S messages. These charges are not levied on the NBB-SSS Participants, hence, there is no charging twice by NBB-SSS.
    - NBB-SSS has consulted the UC on previous T&C versions (February 2015 RAMSES phase 1 and March 2016 RAMSES phase 2), explaining and implementing that new services will be charged, also to avoid cross-subsidisation and to meet the cost recovery principle of investments, *e.g.* partial settlement, autocollateralisation.
- LEI: still some LEI missing. Participants are requested to consult the database and provide the missing LEI: <https://www.nbb.be/doc/ti/issuanceprogramsxls.xlsx>

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