

Outcome of the AMI-SeCo Belgian National Stakeholders Group (BENSG) meeting

5 December 2017

Attendees:

CLOSE Patrick	BNP Paribas Fortis
CUNNINGHAM James	Bank of New York Mellon SA/NV
GOOSSENS Luc	Belfius Bank
DE PAUW Edwin	Euroclear
DE SNOECK Jean-Pierre	BNP Paribas Fortis
LEJOLY Marc	NBB
MAIRESSE Anne	LCH
MIGLIORE Elena	SWIFT
JANSSEN Sofie	BNY Mellon
ROUSSEAU Jean-Paul	Febelfin
STEENHOUT Jimmy	NBB-SSS
TIMMERMANS Yvan	NBB (Chairperson)
VAN AS Elly (by conference call)	Citibank
VISSERS Julie	NBB (Secretary)

Excused:

DE BRUYN Olivier	KBC
DE NUL Kris	KBC
GUEBS Françoise	Degroef-Petercam
JANSSENS Gunther	KBC
SAMYN Piet	ING

1. Welcome

The chairman welcomes the AMI-SeCo Belgian National Stakeholders Group (BENSG) members to the first AMI-SeCo BENSG meeting. As the AMI-SeCo documentation was provided at the last moment to the national AMI-SeCo NSGs, no documentation (except the agenda) has been provided to the members so far. After the meeting all the relevant documentation and/or links to the ECB website will be shared with the members. The for the Belgian market most relevant items on the agenda of the AMI-SeCo of 6 and 7 December have been selected for this meeting.

2. Objectives of the AMI-SeCo BENSG

The members are informed about the governance structure and the objectives of the AMI-SeCo BENSG, which is forming the link between the Advisory Group on Market Infrastructures for Securities and Collateral (AMI-SeCo) and the Belgian market. A few days before every AMI-SeCo meeting (around 2-3 times a year) the AMI-SeCo BENSG meeting will take place. The members will receive the AMI-SeCo calendar for 2018 as soon as it is available.

3. Eurosystem deliberations on taking collateral in Eurosystem credit operations

3.1 Settlement of collateral for monetary policy operations in T2S only

The members are informed on the potential new Eurosystem policy to consolidate the settlement of marketable collateral for Eurosystem credit operations in T2S. If this policy was decided by the Governing Council, it is not expected to enter into force before the implementation of ECMS which is foreseen for 2022. The impacts and those for the Belgian counterparties in particular, are presented to the members.

Given the possibility that NBB can no longer receive collateral in Euroclear Bank, one of the members wonders why Belgian counterparties could not just simply use the Correspondent Central Banking Model (CCBM) to deliver collateral to a Banque de France account in Euroclear France. It is explained that this can indeed be envisaged but that is not a valid solution for auto-collateralisation as CCBM for auto-collateralisation currently does not exist.

3.2 Realignment of Eurobonds in T2S

One of the consequences of the potential policy of settlement of collateral for Eurosystem credit operations in T2S only, is the need for a realignment solution for Eurobonds settled in T2S. The past months the two ICSDs worked on a solution. The members are briefed by Euroclear on the most important aspects of their solution, i.e. T2S cross-border settlement of Eurobonds, which will most likely become available in 2019 (2020 at the latest).

4. **T2-T2S consolidation: impact on liquidity management**

The Governing Council will decide on 6 December about the implementation of the T2-T2S consolidation project. In case of a green light, this project should go live in November 2021. The members are informed on the main features of this project. Although T2-T2S consolidation will have a significant impact on the liquidity management of each participant, no significant changes will be made to T2S (the most changes will be made to the RTGS).

5. **Collateral management harmonisation**

The members are informed about the work of the Collateral Management Harmonisation Task Force (CMH-TF), which is a dedicated AMI-SeCo Harmonisation Steering Group (HSG) task force working on a list of key activities that could merit harmonisation in the field of collateral management. The CMH-TF prepared a report for the AMI-SeCo in which 10 functional collateral management harmonisation activities (CMHAs) with suggested priorities are identified. Since this is only the start of the harmonisation project, the HSG proposes to continue its work by defining and agreeing the harmonised business processes and workflows for each CMHA, identifying the critical data elements for each business process and identifying or defining ISO20022 compliant messaging. The exercise of the CMH-TF could have an impact on all the processes down the chain. Therefore the AMI-SeCo BENSG will follow the progress of the CMH-TF in order to estimate the impact on the Belgian market.

6. **T2S Calendar: T2S on T2 closing days**

In 2017 many CSDs were closed on three T2S opening days when T2 was closed, namely Good Friday, Easter Monday and 1 May, due to a lack of business case. As a consequence, these CSDs are not compliant with the T2S harmonisation standard 5 and the T2S scope defining documents. The members are invited to give their opinion on the following proposed options:

- (i) Maintaining the T2S standard and not changing the T2S or T2 calendars;
- (ii) Closing T2S on Good Friday and Easter Monday but keeping it open on 1 May (which is a business day for the Danish Market and a settlement date for the Danish Kroner); and
- (iii) Opening T2 on all three days making also euro DvP settlement possible in T2S on such days.

Some members argue that the decision to open T2S on these three T2 closing days was a mistake in the first place. Therefore another option is proposed, i.e. closing T2S on Good Friday, Easter Monday and 1 May. A member notices that if there is a T2S standard, it should not matter whether there is a business case or not; every CSD should comply with that standard. The same member finds option 3 irrelevant as securities markets will never drive the cash market. Some members see option 2 as a short term solution. However, there is no consensus in the long run. As there are several reasons to open on these days (e.g. triparty activity), some members prefer option 1, while others prefer option 3. The decision could also depend on what service should be offered from a CSD perspective on these three days. Another concern is the impact on for instance corporate actions in case of option 1.