Conclusions of the meeting
30 March 2012

0. Attendees

Baudewyn  Bart  BNPPFORTIS
Condetta  Paolo  Keytrade Bank
de Boutselis  Barbara  Febelfin
De Vijlder  Koenraad  BNPPFORTIS
Goossens  Luc  Belfius Bank Belgium
Lejoly  Marc  NBB-SSS
Lemeire  Jan  Euroclear
Mairesse  Anne  LCH.Clearnet
Rousseau  Jean-Paul  Febelfin
Timmermans  Yvan  NBB (Chairperson)
Thorsen  Warren  Citi
Vanbroekhoven  Hubert  KBC
Van den Eynde  Patrick  NBB (secretary)

Apologies:

Cunningham  James  BNYMellon

1. Outcome of the T2S AG meeting of 27 March

The Chairman presents the major topics discussed at the recent AG meeting, as they were summarized in the annexed presentation. The following topics were highlighted:

- (future) mandate of the NUGs:

  further involvement of cash experts in the NUGs is needed. The chairman proposes to organise a specific meeting on auto-collateralisation, together with experts from the NBB Collateral Management System, T2 and T2S. This workshop will elaborate on the need for the auto-collateralisation functionality in the Belgian market. At first sight, it will be useful during the night time settlement cycle. During the auto-collat workshop, the Belgian banks will also be asked if they will need DCAs at the NBB if they are participant in a CSD that would migrate in earlier waves than the Belgian CSDs. This would have an impact on the required readiness for the NBB, and should be planned and prepared well in advance.

  During this meeting, Belfius Bank and BNPPFORTIS confirmed that they use custodian payment bank services in other markets, KBC has to confirm if it is direct participant in foreign CSDs.

- clarification on T2S pricing policy

  the AG agreed with the commitment of the Programme Board not to propose a change in prices before robust operational data are available. A member of the BENUG clarified that this topic was on the agenda of the AG because of the uncomfortable feeling the CSDs have with the unclear situation: there will perhaps be no non-euro participation at all, and
the measuring methodology for future volumes was not detailed enough. The AG agreed to provide regular updates on volume developments to accommodate the CSDs’ requests.

- **connectivity**

  even after the presentation by SWIFT and SIA-Colt, the prices that will be handled by the VANs remain unclear. Both VANs only committed to a maximum price level, but it is now up to the users to negotiate prices with them. The timing for these negotiations can become tight: both VANs seem only able to deliver price offerings from mid April on. CSDs are however requested to sign the Framework Agreement by the end of June, which leaves little room for consideration.

  The members also note that the same problem exist for the Dedicated Link solution, to be offered by the Eurosystem. Here also, the prices are not published yet.

- **accepted change requests (in UDFS 1.2.1.)**

  the members are informed about the change request taking care of putting a meaningful structure into the T2S DCA account numbers and into the securities account numbers. There is an agreement to do so, but the harmonised logic to be used inside the accounts remains still to be defined.

2. **TFAX mini-consultation (T2S Task Force on Adaptation to Cross-CSD Settlement)**

The members take note of the two individual answers: one member replied on the subject of Tax Processing, Bond Stripping and Reconstitution and Account Segregation by Currency. Another member has provided a reply on Registration Processing.

As the deadline for a consolidated reply is set at the end of April, the members propose to fix an ad hoc meeting aiming to draft a common reply to this consultation. It is noted that Euroclear will reply to the consultation for the ESES platform.

The meeting will take place on Tuesday 24 April, from 2pm on, in the premises of the NBB. The members are asked to provide reactions and opinions on the two individual replies by Friday 20 April. One member will prepare a reply on Portfolio Transfers, another member will look into the CSD Ancillary Services. Both proposals will be subject to approval by all BENUG members during the meeting of 24 April. The goal is to consolidate all answers and to draft one Belgian reply to the consultation, and deliver this reply to the TFAX on a timely basis.

The following topics were discussed in detail, and can serve as discussion basis for the next ad hoc meeting:

- **Registration process: use of "nominee process"**

  Registration process can be carried out by updating T2S (to incorporate the data into the settlement messages - this would create Change Requests) or can be carried out outside of T2S. None of these solutions seem suitable. The nominee process would be beneficial for the settlement process and also for the issuer: It would however need a change of law, but is worth considering. It would also need a first contact with both Belgian listed companies with registered securities.

  The discussion on this subject needs to take into account the Belgian Grand-Livre/Grootboek, for which the nominee process would not be an adequate solution.

  The members state that the focus should remain on STP settlement.
3.  Next meetings

The ad hoc meeting on the TFAX mini-consultation will take place on **Tuesday 24 April**, from 2pm on, in the premises of the NBB (main entrance, blvd. de Berlaimont 3, 5th floor, room 10).

The next BENUG meeting, during which NBB-SSS will present its T2S adaptation plan, will take place on **Friday 27 April**, before the MEC meeting, in the premises of Febelfin.

° ° ° = = = ° ° °