T2S Belgian National User Group

Conclusions of the meeting
28 April 2014

0. Attendees

James Cunningham BNYMellon
Barbara de Boutselis Febelfin
Luc Goossens Belfius
Marc Lejoly NBB-SSS
Jean-Paul Rousseau Febelfin
David Rubens NBB-SSS
Yvan Timmermans NBB (Chairperson)
Catherine Vanderheyden Belfius
Patrick Van den Eynde NBB (secretary)

Excused: Jean-Luc Fripiat Euroclear

These conclusions should be read together with the slides presented during the meeting.

1. Overall status of the T2S project

The topics that were highlighted are:
- 4CB Internal Acceptance testing (IAC):
  - 100% of core test cases are executed
  - Non-core test cases only partly executed
- IAC will run until end of June
- 306 remaining defects, none of which are critical; one single high level defect will be solved by end of April
- IAC in parallel with Eurosystem Acceptance Testing (EAT), which started on 1st April (SP5)
- EAT testing is running better than expected
- ECB connectivity test OK in January 2014
- Pilot testing will start on 1st July (for 3 months), NBB will be one of the 6 pilot testing NCBs
- Performance testing was positive: the anticipated duration of the 4CB build-up activities for the migration weekend is 42% lower than initially estimated => this partly mitigates the risk of the migration weekend not being long enough (for Clearstream in wave 3)

2. Omnibus Account issue

The decision for option 1 (provision check on realignment messages in case of cross-CSD settlement) has been taken. There are 2 drawbacks to be considered:
- The provision check does not prevent the omnibus accounts from being desynchronised
- The solution will be delivered in March 2015, i.e. before the launch of T2S but only 3 months before migration of wave 1 => impact on regression testing
3. Use of production BICs or test BICs as Party Identifiers during testing

The results of the first consultation in the T2 User Groups and in the T2S Governance showed that the consultation was misunderstood: the replies clearly indicated that some markets mixed routing BICs and Party Identifier BICs.

The UTSG is now asked to organise a second inquiry to estimate the impact on the testing in terms of timing for different testing stages and the go-live if T2S multilateral testing (no banks of DCPs but only CSDs and NCBs) would be based on the other BIC option than the preferred one. The deadline for this consultation amongst the UTSG members is 28 April.

It is to be expected that in multilateral testing the CSDs will choose their preferred option, but for cross-CSD testing, they will have to pay attention to the choice made by the other CSDs (as Party Identifiers are matching criteria). This issue will be even more relevant during community testing, in which banks and DCPs will be active: here the participants in the meeting feel that the possible mix of both types of BICs (entailing bilateral agreements between parties and a specific set-up in the CSDs) could turn out to be the worst solution.

4. Cash DCPs as from wave 1

The members are informed that no Belgian bank has indicated to be cash DCP as from wave 1. The deadline for confirming the status of cash DCP for wave 2 is 19 September 2014.

5. Start of Pilot Testing by NBB

The members are informed that the NBB is preparing for the start of Pilot Testing. NBB will focus on tests related to the static data set-up of DCAs, T2 liquidity transfers to and from T2S, and the triggering of auto-collateralisation on the basis of a set of DVP transactions. Cross-CSD settlement (inside an isolated set-up of several mock CSDs and mock NCBs) will also be tested.

Pilot testing will be possible from 1 July till the end of September.


The Harmonisation Report was published in March 2014, and shows good progress when compared to the version 2013. No major obstacles remain, although the Corporate Actions Standards still need corrective action. Here, two important markets are confronted with some compliance difficulties: the Italian market has an issue with portfolio transfers, the German market with the record date and the tax treatment of market claims. These issues should be further clarified in June 2014.

Some participants have doubts on the traffic light approach in the Report. They feel that some markets mentioned in green should in fact be marked in yellow or should even be given a red status. Further clarification is needed, and there should be a tougher approach when attributing the statuses.

This topic will be discussed further during the next BENUG meeting (see agenda point 9).
7. TARGET2 consultation on DCA and auto-collateralisation

The members are informed on the outcome of the consultation (slide 12). One meeting participant was surprised that only 12 Belgian participants will use auto-collateralisation. The Chairman replies that this number is much higher than the one of the first consultation on the subject. The fact that auto-collateralisation is a new service in Belgium, and above all the requirement to have an own TARGET2 account for benefiting from auto-collateralisation determines the number of interested parties.

8. AOB

One participant mentions that Clearstream and Euroclear will bring the Eurobonds to T2S. It is not clear for him if it is only for settlement inside CBF or EF. The Chairman draws the attention to the fact that Eurobonds are issued outside T2S and that the CSDs are contemplating the use of the T2S Conditional Securities Delivery (CoSD) functionality before settlement can take place with out-securities between T2S CSDs to ensure that the realignment within the issuer is successfully completed before releasing the instructions for settlement in T2S. The use of CoSD for internal T2S settlement would make the settlement of Eurobonds in T2S less efficient. Additionally, if Eurobonds are to be used for auto-collateralisation (especially during the night when realignment in the issuer CSD will not be possible) it could constitute a deterioration of settlement efficiency rather than an easing.

It is further clarified that intra-CSD settlement of Eurobonds will not need CoSD.

9. Next BENUG meeting

The next meeting is planned on Tuesday 10 June, from 10am on, in the premises of the NBB (room 8 on the fifth floor). A separate meeting invitation will be sent out shortly.

The meeting is planned ahead of the next Advisory Group meeting, and will focus on the impact analysis of the non-compliance of a number of T2S harmonisation criteria in certain markets.