

## NBB T2S Adaptions Phase 1: Impact on AACB Clients

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## Summary

In this document the impacts of the National Bank of Belgium (NBB) T2S Adaptations Phase 1, which is to be implemented in December 2014 is described.

See below an extract from the NBB T2S Adaptations Plan v3.0. Subjects mentioned will be dealt with in the following pages.

### 2.3. Phase 1 overview

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For the first phase, NBB-SSS migrates to a completely new CSD-SSS software which comprises many new T2S-compliant features. After a detailed selection process via a public tender, the software from a company called Montran<sup>2</sup> was chosen.

The development of this new platform, called RAMSES, is executed in 2013-2014. The testing period with the participants is scheduled from Q1 to Q4 2014.

The software migration is planned for Q4 2014, so NBB-SSS's participants have to be ready by then.

As mentioned earlier, many brand-new and T2S compliant features will appear in the new IT system:

- Hold & Release;
- Partial settlement;
- Market claims and transformations;
- Use of BIC-11 as identifier;
- T2S securities account structure;
- Allegements;
- Linked instructions;
- New STP Messages will be available in ISO 20022 format although communication in ISO 15022 remains possible;
- The current matching rules will be altered to the T2S matching rules;
- All daytime settlement will be made in near real-time;
- The daily schedule will be altered, with a separate cut-off time for DVP and FOP transactions;
- The current recycling rules will be altered to the T2S recycling rules;
- Foreign currency assets settled in Euro are introduced into NBB-SSS.

Besides the appearance of those new features, NBB-SSS keeps some of its specific features and abandons a maximum of its old-system features for the sake of harmonization. Also, the NBB-SSS-specific terminology is replaced by T2S terminology.

Important: in phase 1, cash settlement remains unchanged.

- **Hold & Release;**

AACB intends to use the Hold & Release functionality of NBB. This enables AACB to send all Delivery Instructions directly to the market whether stock is available in the client account or not, so it enables early matching of all transactions.  
Unfortunately it appeared during the test that the new NBB Ramses systems expects a code word which is not being used in our system (and also not by our other providers).  
**Impact on clients:** Early matching on trades without available position
- **Partial settlement;**

AACB intends to set up the accounts to allow partial settlements, which will become standard within T2S. NBB will try to settle transactions partially in 3 windows in phase 1: 07:00 – 07:15, 14:00 – 14:15 and 15:45 – 16:00.  
**Impact on clients:** Clients will need to setup their system as to allow for partial settlement
- **Market claims and transformations;**

AACB will make use of the Market Claim and Transformation service of NBB.  
**Impact on clients:** As the Market Claim procedures will be automated AACB can pay the results sooner to the clients.  
Transformations towards the clients were already automated in our system, so there is no impact of this on the clients.
- **Use of BIC-11 as identifier;**

AACB will use BIC-11 in the communication with NBB. In case a client still uses the NBBE participant code in the DEAG / REAG the AACB system will attempt to translate the old NBBE codes to a BIC-11. If no translation is found this will be result in a repair or even a reject.  
**Impact on clients:** Clients need to review the SSI's in their systems and change to BIC-11 for PSET NBB as soon as possible after December, 4<sup>th</sup> 2014. The clients also need to inform their counterparties about the changed "own side" SSI. See Appendixes.
- **T2S securities account structure;**

NBB will add a prefix (NBBE) to their existing account id as to become compliant with T2S. AACB will of course use the new account id in the communication with NBB. Account Id of our clients will not change.  
**Impact on clients:** Will have an impact on the SSI's used in NBB market, see also previous subject. In general there is no need to supply the NBB account of the counterparty within the instructions.
- **Allegements;**

NBB will send allegements (MT578) to AACB. In case AACB recognizes to which client the allegement applies and the client is setup to receive the allegement, AACB will forward the allegement to the client (in case client is subscribed to the allegement message).  
**Impact on clients:** Clients can receive allegement information for NBB market as for any other market in which the allegement message (MT578) is being used.
- **Linked instructions;**

AACB is not able to use linked instructions in the market yet. This function will become available when AACB connects to T2S (currently foreseen with Wave 2 in Q1 2016).  
**Impact on clients:** none
- **New STP Messages will be available in ISO 20022 format although communication in ISO 15022 remains possible;**

AACB will continue to communicate with NBB in ISO15022 format. Communication from client to AACB will also not be changed to ISO20022 at this moment.  
**Impact on clients:** None.

- **The current matching rules will be altered to the T2S matching rules;**  
NBB will implement the matching fields as depicted in the below picture

Figure 13 gives an overview of the different matching fields and to which matching field type they belong.

Mandatory matching field	Additional matching field	Optional matching field
<ul style="list-style-type: none"> <li>• Payment type</li> <li>• Securities movement type</li> <li>• ISIN code</li> <li>• Trade date (1)</li> <li>• Settlement quantity</li> <li>• Intended settlement date</li> <li>• Delivering party BIC</li> <li>• Receiving party BIC</li> <li>• CSD of the counterparty (2)</li> <li>• Currency</li> <li>• Settlement amount</li> <li>• Credit/Debit</li> </ul>	<ul style="list-style-type: none"> <li>• OPT-Out ISO transaction condition indicator (3)</li> <li>• Cum/Ex indicator (4)</li> </ul>	<ul style="list-style-type: none"> <li>• Common trade reference</li> <li>• Client delivering CSD participant (BIC of Proprietary Format) (5)</li> <li>• Client receiving CSD participant (BIC of Proprietary Format) (5)</li> <li>• Securities account of the delivering party</li> <li>• Securities account of the receiving party</li> </ul>

Figure 13: Exhaustive list of matching fields in NBB-SSS's phase 1

**Impact on clients:** Clients need to be careful in case they are using the additional or optional matching fields and make sure they check with counterparties they use the same values in these fields. Also be aware that transaction type is no longer a matching criterium within NBB, so a trade with transaction type REPU can match with a TRAD transaction from a counterparty.

- **All daytime settlement will be made in near real-time;**

AACB systems already operate in (near) real-time.

**Impact on clients:** None.

- **The daily schedule will be altered, with a separate cut-off time for DVP and FOP transactions;**

NBB will operate the daily schedule as follows:

- a DVP window from 06:30 to 16:00
- a 'late same day DVP instructions' window with penalty (from 16:00 to the DVP cut-off time of 16:15).
- a FOP window from 06:30 to 18:00.

**Impact on clients:** None for DVP settlements. It will become possible to settle FoP transaction up until 18:00

- **The current recycling rules will be altered to the T2S recycling rules;**

NBB will adopt the T2S recycling rules. Unmatched instructions will be recycled for 20 business days, starting from the latest of the Intended Settlement Date and the Date of Entry into the system. Matched trades will continue to be recycled. In case the security reaches its maturity either matched or unmatched trades will be cancelled.

**Impact on clients:** No need anymore to reinstruct failed settlement transactions

- **Foreign currency assets settled in Euro are introduced into NBB-SSS.**  
It will become possible to settle foreign currency assets against payment within NBB, provided the cash leg is in EUR.  
**Impact on clients:** Extension of DVP settlement within NBB
  
- **Bilateral Cancellation;**  
Unmatched transactions can be cancelled unilaterally, but matched transactions can only be cancelled bilaterally (as long as they are not settled). In case a party requests to cancel a transaction a MT548 with status 25D::IPRC//CPRC is being sent to the counterparty. AACB will forward this MT548 to the client  
**Impact on clients:** Need to agree with counterparty on cancellation of a matched instruction.
  
- **Repurchase agreements (Repo) is no longer available**  
The NBB-SSS does not generate the second leg of a repo, nor does it provide the retrocession of the coupons towards the seller of the repo. Main cause for abandoning the repo functionality is the risk of cross-matching between a normal buy/sell instruction and a repo instruction due to the new T2S-matching rules.  
**Impact on clients:** Clients can still instruct REPU or RVPO trades. Clients selling a REPO will need to contact their counterparty themselves for retrocession of coupon payments.

## Annex A: Translation Table NBBE – BIC11

<b>BIC 11</b>	<b>LEGACY PARTICIPANT NUMBER</b>	<b>PARTICIPANT NAME</b>
ABNABE2AIPC	0509	ABN AMRO BANK NV BELGIAN BRANCH
ABNABEBRXXX	0724	RBS PLC BELGIAN BRANCH
ABNCNL2AXXX	4018	ABN AMRO CLEARING BANK N.V.
ARSPBE22XXX	0979	ARGENTA SPAARBANK N.V.
AXABBE22XXX	0702	AXA BANK EUROPE (IPPA)
BACPFRPPBRU	9995	LCH. CLEARNET S.A.
BACPFRPPXXX	7002	LCH. CLEARNET S.A.
BBRUBEBB010	0300	ING BELGIUM S.A.
BBVABEBBXXX	0642	BANCO BILBAO VIZCAYA ARGENTARIA
BBVAESMMXXX	4029	BANCO BILBAO VIZCAYA ARGENTARIA S.A.
BCEELULLXXX	8400	BANQUE ET CAISSE D'EPARGNE DE L'ETAT LUX
BGLLLULLXXX	8402	BGL BNP PARIBAS
BILLLULLXXX	8405	BANQUE INTERNATIONALE À LUXEMBOURG SA
BKCPBEBBXXX	0110	CREDIT PROFESSIONNEL
BLUXLULLXXX	8407	BANQUE DE LUXEMBOURG S.A.
BMPBBEBBXXX	0643	BANCA MONTE PASCHI BELGIO S.A.
BNAGBEBBXXX	0635	DELTA LLOYD BANK S.A.
BNPAFRPPXXX	4008	BNP PARIBAS S.A.
BSCHBEBBXXX	0590	SANTANDER BENELUX
BSUIFRPPXXX	4005	CREDIT AGRICOLE CORPORATE & INVEST.BANK
CCFRFRPPXXX	4021	HSBC FRANCE
CEDELULLXXX	0301	CLEARSTREAM BANKING S.A.
CELLLULLXXX	8411	ING LUXEMBOURG S.A.
CITIBEBXXX	0570	CITIBANK INTERNATIONAL
CITGB2LXXX	4012	CITIBANK INTERNATIONAL PLC
COBADEFFXXX	4026	COMMERZBANK AG
CREGBEBBNBB	4190	CBC BANK NV (klienten)-KBC BANK VCD8255
CREGBEBBXXX	0190	CBC BANQUE S.A.
CTBKBEBXXX	0595	BEOBANK NV
DEGRBEBBXXX	0676	BANQUE DEGROOF S.A.
DEGRLLULLXXX	8537	BANQUE DEGROOF (LUXEMBOURG) S.A.
DELEBE22XXX	7223	BANK DELEN N.V.
DEUTDEFFDSO	4003	DEUTSCHE BANK AG FRANKFURT
DEUTGB2LGLO	4001	DEUTSCHE BANK AG LONDON
DEUTNL2AXXX	4015	DEUTSCHE BK FRANKFURT CLIENTS/DB AMSTERD
DIERBE21XXX	7299	DIERICKX, LEYS & CIE N.V.
ECMSBEBBCCB	9200	NBB BACK OFFICE ECM
ENIBBEBBXXX	0968	BANQUE ENI S.A.
ESEFRPPINT	9300	EUROCLEAR FRANCE

ETHIBEBBXXX	0827	OPTIMA BANK
GEBABEBB36A	0200	BNP PARIBAS FORTIS
GKCCBEBBXXX	0830	BELFIUS BANK
GOSNGB2LXXX	4027	GOLDMAN SACHS INTERNATIONAL BANK
GSILGB2XXXX	4006	GOLDMAN SACHS INTERNATIONAL
HBKABE22XXX	0880	RECORD BANK
INSECHZZXXX	9003	SIX SIS LTD
ISAEFRPPXXX	4030	CACEIS Bank France
JPMSG2LXXX	4000	JP MORGAN SECURITIES LTD
JVBABE22XXX	0645	BANK J. VAN BREDA
KASANL2AXXX	4011	KAS BANK N.V.
KBLXLULLXXX	8408	KBL EUROPEAN PRIVATE BANKERS S.A.
KEYTBEBBXXX	0651	KEYTRADE BANK SA
KREDBEBBXXX	0401	KBC BANK
LABEBEBBXXX	7539	LELEUX ASSOCIATED BROKERS
LCHLGB2LXXX	7003	EUROCLEAR BANK / LCH
MGTCEBEECL	9001	EUROCLEAR BANK
NBBEBEBB243	0100	BNB - BX - CLIENTS
NBBEBEBB243	9100	NBB - BACK-OFFICE 1
NBBEBEBBTRE	9000	KINGDOM OF BELGIUM-TREASURY PRIM.MARKET
NBBEBEBBTRE	9009	KINGDOM OF BELGIUM - TREASURY
NBBEBEBBTRE	9011	KINGDOM OF BELGIUM - TREASURY
NICABEBBXXX	0103	CRELAN SA / NV
NOMAGB2LXXX	4019	NOMURA INTERNATIONAL PLC
PARBFRPPBEC	4028	BNP PARIBAS SECURITIES SERVICES (GCM)
PARBFRPPXXX	4017	BNP PARIBAS SECURITIES SERVICES PARIS
PECSBEBBXXX	7669	PETERCAM
PROCFRPPPCB	4024	PROCAPITAL BELGIUM S.A.
SEBKLULLXXX	8478	SOCIETE EUROPEENNE DE BANQUE S.A.
SGABLULLXXX	8409	SOCIETE GENERALE BANK & TRUST LUXEMBOURG
SGPB99XXX	7239	SOCIETE GENERALE PRIVATE BANKING
SHIZBEBBXXX	0530	SHIZUOKA BANK (EUROPE) S.A.
SOGEFRPPHCM	4009	SOCIETE GENERALE PARIS
UBSWGB2LXXX	4010	U.B.S. Limited
VAPEBE21XXX	7874	VAN DE PUT & Co S.N.C.
VDSPBE91XXX	0890	V.D.K. SPAARBANK N.V.

### Electronic marketplaces

BMTSBEBBEUR	0002	MTSMARKETS
BTECG2LXXX	0006	BROKERTEC EUROPE LTD

**2014 10 (MD) NBB T2S Adaptations Phase 1 (December 2014)**

Annex B: SSI for AACB clients as of December, 1 2014

Country	Depository	Sub custodian/CSD	BIC code / Local code sub custodian	Subcustodian Account at CSD	Beneficiary BIC	Account Beneficiary at subcustodian	Additional information
	:95P::PSET		:95P::REAG / DEAG :95R::REAG / DEAG	:97A::SAFE	:95P::BUYR / SELL	:97A::SAFE	
Belgium NBB	NBBEBEBB	ABN AMRO Clearing Bank N.V.	ABN CNL2AXXX <del>NBBE//4018</del>		Client BIC	Client Account with AACB, 10 digits, with 1 leading 0.	