

NBB T2S Adaptions Phase 1: Impact on AACBB Clients

Summary

In this document the impacts of the NBB T2S Adaptations Phase 1, which is to be implemented in February 2015 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

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 Montran² 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.

Note: Changes in this version

Changes were made to the Hold & Release paragraph and the Market Claims & Transformations paragraph. Also the latest translation table of NBBE codes vs. BIC-11 was provided.

Ø **Hold & Release;**

AACB intended to use the Hold & Release functionality of NBB, to enable AACBB to send all Delivery Instructions directly to the market whether stock is available in the client account or not. 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). Currently no solution is foreseen until implementation of T2S in March 2016.

Impact on clients: Early matching on trades without available position can only be provide as of the migration to T2S in March 2016.

Ø **Partial settlement;**

AACBB 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

Ø **Market claims and transformations;**

AACB intended to make use of the Market Claim and Transformation service of NBB. Unfortunately a debate was started in the Belgium market about the market readiness for this service. It appeared that about half of the market participants were not ready yet, and would use the Opt Out indicator. As this is a matching field in the instructions it has been decided to use opt out for all instructions, to avoid matching issues. An agreement was made within the Belgian Market to start this service as of implementation of T2S in March 2016.

Impact on clients: No enhancement in the Market Claim procedures for NBB trades until March 2016.

Transformations towards the clients were already automated in our system, so there is no impact of this on the clients.

Ø **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. The clients also need to inform their counterparties about the changed "own side" SSI. See Appendixes.

Ø **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.

Ø **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.

Ø **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

Ø **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.

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

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 criteria within NBB, so a trade with transaction type REPU can match with a TRAD transaction from a counterparty.

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

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

Impact on clients: None.

Ø **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

Ø **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

NBB id	ParticipantName	Participant BIC
0100	BNB - BX - CLIENTS	NBBEBEBB243
0103	CRELAN SA	NICABEBBXXX
0110	BKCP BANK NV	BKCPBEBBXXX
0190	CBC BANQUE S.A.	CREGBEBBXXX
0200	BNP PARIBAS FORTIS	GEBABEBB36A
0300	ING BELGIUM S.A.	BBRUBEBB010
0301	CLEARSTREAM BANKING S.A.	CEDELULLXXX
0401	KBC BANK	KREDBEBBXXX
0509	ABN AMRO BANK NV BELGIAN BRANCH	ABNABE2AIPC
0530	SHIZUOKA BANK (EUROPE) S.A.	SHIZBEBBXXX
0570	CITIBANK INTERNATIONAL	CITIBEBXXX
0590	SANTANDER BENELUX	BSCHBEBBXXX
0595	BEOBANK SA	CTBKBEBXXX
0635	DELTA LLOYD BANK S.A.	BNAGBEBBXXX
0642	BANCO BILBAO VIZCAYA ARGENTARIA	BBVABEBBXXX
0643	BANCA MONTE PASCHI BELGIO S.A.	BMPBBEBBXXX
0645	BANK J. VAN BREDA	JVBABE22XXX
0651	KEYTRADE BANK SA	KEYTBEBBXXX
0676	BANQUE DEGROOF S.A.	DEGRBEBBXXX
0702	AXA BANK EUROPE (IPPA)	AXABBE22XXX
0724	RBS PLC BELGIAN BRANCH	ABNABEBRXXX
0827	OPTIMA BANK	ETHIBEBBXXX
0830	BELFIUS BANK	GKCCBEBBXXX
0880	RECORD BANK	HBKABE22XXX
0890	VDK SPAARBANK N.V.	VDSPBE91XXX
0968	BANQUE ENI S.A.	ENIBBEBBXXX
0979	ARGENTA SPAARBANK N.V.	ARSPBE22XXX
4005	CREDIT AGRICOLE CORPORATE & INVEST.BANK	BSUIFRPPXXX
4006	GOLDMAN SACHS INTERNATIONAL	GSILGB2XXXX
4008	BNP PARIBAS S.A.	BNPAFRPPXXX
4009	SOCIETE GENERALE PARIS	SOGEFRPPHCM
4010	U.B.S. Limited	UBSWG2LXXX
4011	KAS BANK N.V.	KASANL2AXXX
4012	CITIBANK INTERNATIONAL LIMITED	CITGB2LXXX
4015	DEUTSCHE BK FRANKFURT CLIENTS/DB AMSTERD	DEUTNL2AXXX
4017	BNP PARIBAS SECURITIES SERVICES PARIS	PARBFRPPXXX
4018	ABN AMRO CLEARING BANK N.V.	ABNCNL2AXXX
4019	NOMURA INTERNATIONAL PLC	NOMAGB2LXXX
4021	HSBC FRANCE	CCFRFRPPXXX
4024	PROCAPITAL BELGIUM S.A.	PROCFRPPPCB
4026	COMMERZBANK AG	COBADEFFXXX
4027	GOLDMAN SACHS INTERNATIONAL BANK	GOSNGB2LXXX

4028	BNP PARIBAS SECURITIES SERVICES(GCM)	PARBFRPPBEC
4029	BANCO BILBAO VIZCAYA ARGENTARIA S.A.	BBVAESMMXXX
4030	CACEIS Bank France	ISAEFRPPXXX
4190	CBC BANK NV (klanten)-KBC BANK VCD8255	CREGBEBBNBB
7002	LCH. CLEARNET S.A.	BACPFRPPXXX
7003	EUROCLEAR BANK / LCH	LCHLGB2LXXX
7223	BANK DELEN N.V.	DELEBE22XXX
7239	SOCIETE GENERALE PRIVATE BANKING	SGPBBE99XXX
7299	DIERICKX, LEYS & CIE N.V.	DIERBE21XXX
7539	LELEUX ASSOCIATED BROKERS	LABEBEBBXXX
7669	PETERCAM	PECSBEBBXXX
7874	VAN DE PUT & Co S.N.C.	VAPEBE21XXX
8400	BANQUE ET CAISSE D'EPARGNE DE L'ETAT LUX	BCEELULLXXX
8402	BGL BNP PARIBAS	BGLLULLLXXX
8405	BANQUE INTERNATIONALE À LUXEMBOURG SA	BILLLULLXXX
8408	KBL EUROPEAN PRIVATE BANKERS S.A.	KBLXLULLXXX
8409	SOCIETE GENERALE BANK & TRUST LUXEMBOURG	SGABLULLXXX
8411	ING LUXEMBOURG S.A.	CELLLULLXXX
8478	SOCIETE EUROPEENNE DE BANQUE S.A.	SEBKLULLXXX
8537	BANQUE DEGROOF (LUXEMBOURG) S.A.	DEGRULLLXXX
9000	KINGDOM OF BELGIUM-TREASURY PRIM.MARKET	NBBEBEBBTRE
9001	EUROCLEAR BANK	MGTCBEBEECL
9003	SIX SIS LTD	INSECHZZXXX
9004	MONTE TITOLI SPA	MOTIITMMXXX
9005	CLEARSTREAM BANKING A.G.	DAKVDEFFXXX
9009	KINGDOM OF BELGIUM - TREASURY	NBBEBEBBTRE
9010	TRESOR-SECRETARIAT DES MARCHES	NBBEBEBBTRE
9011	KINGDOM OF BELGIUM - TREASURY	NBBEBEBBTRE
9020	TI - GRAND-LIVRE DETTE PUBLIQUE	NBBEBEBBGLB
9050	NBB - DIENST EFFECTEN	NBBEBEBB223
9100	NBB - BACK-OFFICE 1	NBBEBEBB243
9200	NBB BACK OFFICE ECM	ECMSBEBBCCB
9201	NBBS AT	ECMSBEBBCCB
9202	NBBS DE	ECMSBEBBCCB
9204	NBBS ES	ECMSBEBBCCB
9206	NBBS FI	ECMSBEBBCCB
9207	NBBS FR	ECMSBEBBCCB
9208	NBBS GB	ECMSBEBBCCB
9209	NBBS GR	ECMSBEBBCCB
9210	NBBS IE	ECMSBEBBCCB
9211	NBBS IT	ECMSBEBBCCB
9212	NBBS LU	ECMSBEBBCCB
9213	NBBS NL	ECMSBEBBCCB
9214	NBBS PT	ECMSBEBBCCB
9216	NBBS SI	ECMSBEBBCCB

9217	NBBS MT	ECMSBEBBCCB
9218	NBBS CY	ECMSBEBBCCB
9219	NBBS SK	ECMSBEBBCCB
9220	NBBS EE	ECMSBEBBCCB
9221	NBBS LT	ECMSBEBBCCB
9300	EUROCLEAR FRANCE	ESESFRPPINT
9555	NBB - GEMATERIALISEERDE EFFECTEN	NBBEBEBB223
9556	BNB - TI - OPERATIONS GUICHET	NBBEBEBB223
9559	N.B.B. - CONVERSIEVERSCHILLEN	NBBEBEBB223
9666	BNB - TI - EMISSIONS	NBBEBEBB223
9777	BNB - NBB	NBBEBEBB243
9888	BNB - NBB	NBBEBEBBTRE
9995	LCH. CLEARNET S.A.	BACPFRPPBRU
9999	BNB - NBB	NBBEBEBB216

Annex B: SSI for AACB clients:

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 NBBE//4018		Client BIC	Client Account with AACB, 10 digits, with 1 leading 0.	