



14 July 2016

SUMMARY OF THE CONFERENCE CALL OF THE T2S DCP GROUP (DCPG) 11 JULY 2016 – 13:00 TO 14:00

0. Welcome and opened the conference call

Mr Topa (Chairperson) welcomed the participants and opened the conference call. He informed the DCPG representatives that due to the short time elapsed since the last DCPG meeting held on 15 June it was decided that the envisaged meeting of 5 July would be substituted by a conference call to inform the DCPG members on the following topics:

1. Follow-ups of the last DCPG meeting of 15 June 2016 in Madrid
2. Debriefing on the AG of 5 July 2016
3. Update on the CASG telco held on 12 July 2016

1. Follow-up of the last DCPG meeting of 15 June 2016 in Madrid

Furthermore, Mr Topa highlighted some topics which were considered to be of DCPG relevance, which were discussed in the last DCPG meeting and/or in the AG of 5 July, these were the following:

Consultation on the partial settlement timing of LCH Clear

Mr Topa informed about the consultation on the partial settlement timing of LCH Clearnet that affect the Belgian market (NBB-SSS) and are not aligned with the T2S schedule. In conclusion the DCPs were in favour of aligning LCH's partial settlement procedures to those of T2S. LCH Clearnet has thanked the DCPs for their input and would take the necessary steps to align themselves to the T2S standards. Thus, there was no further need to discuss the topic.

Handling of operated accounts

Handling of operated accounts and which of the entities need to arrange the certification testing for T2S. Once the topic was explained, Mr Topa indicated that this issue had been thoroughly discussed and explained in the past and therefore there would be no need for further discussion. Paolo Ferraroni (Intesa Sanpaolo), who had brought the topic to the DCPG meeting in June, specified that he was still awaiting some additional information from Clearstream Banking Frankfurt on this subject. Nevertheless, the topic can be considered closed in the DCPG and any remaining needs for further clarification should be handled on a bilateral basis.

Insolvency procedures

The insolvency procedures directly affect the DCP (and ICP) users of T2S, however the DCPG has not been involved in these initial discussions. The DCPG members were informed that the insolvency procedure is also being discussed in the CSDR TF. Mr Cunningham asked if one of the DCPs acting as an observer could provide some information in the conference call, but none had attended the CSDR TF meeting of the 7 July. (The observers are: Sylvie Bonduelle from SocGen, Marko Niederheide from Deutsche Bank, Amadeo Lazaro from Banco Santander and Kay Schaefer from Euro-Exchange). Ms Woernle indicated that the Change Requests initiated by the CSDR TF are reasonably clear, but there could be different ways of implementing the CRs.

T2S Hold and Release (H&R)

T2S Hold and Release (H&R) mechanism forces H&R methodology to be adopted throughout all markets, including those without H&R tradition. This topic was discussed in the AG and it was agreed that the HSG should assess the H&R procedure to ensure that a common market practice on how to use H&R could be agreed and implemented by all market communities as they migrate from their legacy processes to common practices under T2S.

2. Update of the CASG telco held on the 12 July 2016

Mr Cunningham updated the DCPG on the CASG telco to be held the day after the DCPG conference call (12 July 2016), the agenda and some of the background documentation of the telco were already shared with the DCPG members. Mr Cunningham indicated that there were two major elements of current CASG work that were relevant to the DCPG;

- The launch of the CASG gap analysis for CSD and national markets planned “kick-off” in September 2016 and would feed the next Harmonisation Report,
- Discussion of an FAQ update, as well as detailed questions on a number of issues, including market claims “Standard 23”, securities fractions, and transformation scenarios. In this context, the CASG was planning to launch a “Fact Finding” questionnaire addressed to the T2S NUGs. Mr Cunningham stressed the topics covered by the “Fact Finding” questionnaire would be of relevance to CSDs and market participants in general, including DCPs. Some of the questions may cover differences in approach by CSDs and CCPs.

In reply to questions concerning market claims “Standard 23” in the Italian market:

- Mr Cunningham indicated that the market claims “Standard 23” in Italy was an important topic under discussion by the CASG, and he suggested that the next concrete step by the CASG would be to include questions on this topic in the Fact Finding questionnaire.
- As for the paper on the fiscal status of the market claims, he mentioned that this topic was currently being discussed at the HSG, and that the HSG would discuss an updated and expanded version of the paper at its meeting in November.

3. Debriefing on the AG of 5 July 2016

Ms Ströter, AG Secretary, debriefed the DCPG members on the outcome of the AG meeting on 5 July. A copy of the outcome will be attached to this summary.

4. Future DCPG meetings

Mr Topa informed that the next DCPG meeting will be held in September with the CSG meeting. Unfortunately, there are three possible dates for the CSG meeting (20, 21 and 22 September) and until the dates are not fixed for the CSG meeting, the date for the DCPG meeting cannot be confirmed.