



Advisory Group on Market Infrastructures for Securities and Collateral (AMI-SeCo)
National Stakeholders Group (NSG-PT)

Summary of 3rd AMI-SeCo NSG-PT Meeting

Place: Banco de Portugal, Rua do Comércio 148, 3^o

Date: 7th November, 2019 – 10.30h to 12.30h

Institutions:

Banco de Portugal:

Departamento de Sistemas de Pagamentos (DPG)

Departamento de Mercados e Gestão de Reservas (DMR)

AEM

Agência de Gestão da Tesouraria e da Dívida Pública, IGCP-EPE

APB - Associação Portuguesa de Bancos

Banco BPI, SA

Members:

Jorge Egrejas Francisco

Anabela Mendes

Luís Oliveira

Fernando Chau

Eduardo Mota

José Pedro Braga

Pedro Corsino Matos

Anabela Cardoso

Henrique Morais

Hugo Nogueira

Daniela Santos

Abel Ferreira

Matilde Perez

Célia Galrinho

João Tomaz

Paula Silva



Institutions:

Banco Santander Totta, SA

BCP

Caixa Central - Caixa Central de Crédito Agrícola Mútuo, CRL

CGD, SA

Citibank Europe PLC

Deutsche Bank

INTERBOLSA

LCH.Clearnet SA

Novo Banco, SA

Members:

Pedro Marques

Sofia Pereira Santos

Rita Roque

Sandra Santos

Luís Moreira Fernandes

Nuno Matos de Oliveira

Sónia Costa Reis

Ana Paula Costa

Ricardo Ribeiro

Giselle Toloí

Miriam Ferreira

Rui Matos

Corina Oliveira

Rúben Azevedo

Helena Lopes

Arlinda Moreira

Ana Paula Carreira

Celeste Costa

Ricardo Rodrigues

Absent Institutions:

Comissão dos Mercados de Valores Mobiliários (CMVM)

BNP Securities Services

SIBS

1. Introduction and setting the agenda of the meeting

The Chair of AMI-SeCo NSG-PT thanked the participants for attending and presented the main agenda items of the meeting, namely the preparation of the national community adaptation plan by the end of the year in the context of the harmonization



agenda. The work carried out by the national community in the field of harmonization is positive and most of the defined standards are implemented.

AMI-SeCo NSG-PT participants were invited to cooperate, by providing input and suggestions that best defend the interests of the national community. Consultations, via written procedure, will continue to be used, supplemented as appropriate by meetings of this group.

2. Monitoring Framework

Banco de Portugal presented the monitoring framework for the implementation plan of the standards set for collateral management.

Within the framework of the post trade harmonization agenda, AMI-SeCo has been developing standards to establish common rules and processes in collateral management. Ten areas of activity were identified, and the work was divided into two phases. The first is the implementation of standards for three areas: Corporate actions, Triparty Collateral Management and Billing Processes. These standards were presented at the previous NSG-PT meeting in January and are due to be implemented in November 2022. The remaining areas of activity will be part of the second phase of harmonization, but there are no set dates.

The timing of the first phase was presented:

- The standards definition phase ended in July 2019, with the adoption of the standards.
- The planning phase will end at the end of this year, with submission of Interbolsa's final adaptation plan, taking into account feedback from market partners.
- After this step, the implementation / migration phase will begin; reporting of actual changes will have to be made by June 2020; testing will have to be carried out by November 2021, when the market adaptation phase is completed; the user testing phase runs from November 2021 to November 2022.
- By that date, November 2022, the changes will be implemented and harmonization will be achieved.

The methodology for assessing progress is based on a four-color scheme, similar to T2S, where red is the worst case, representing a significant delay compared to planned, yellow represents a more moderate delay with some unresolved issues, green reflects that everything is going according to plan, and blue is the best case, meaning the stage is complete.

The monitoring of other institutions' adaptation (besides Interbolsa) will be done through the custodians, in the form of a self-assessment, through which they will regularly answer a questionnaire, which will be defined by AMI-SeCo. Custodians will do this self-assessment only in the NSG of their main market country, and institutions



active in other markets will also answer questions about those other markets. In terms of current situation and next steps, we highlight the submission of Interbolsa's initial plan to the NSG-PT at the end of September 2019, which is currently under discussion and review. Based on the feedback received, Interbolsa will prepare a revised implementation plan by the end of November. By the end of 2019, Banco de Portugal (on behalf of NSG-PT) will have to submit to the ECB the final plan, which will be implemented and monitored between 2020 and 2022.

3. Corporate Actions Standards and Billing Processes Standards

1) Presentation by Interbolsa

Interbolsa set out in detail the 15 Corporate Action standards and the 4 Billing Process standards contained in the adaptation plan presented by Interbolsa in September 2019. Special attention was given to the standards where adjustments by Interbolsa and / or by the Portuguese market, namely the implementation of ISO 20022 messages; the implementation of events not yet existing in the Portuguese market; changing the rounding rule to cash; the adoption of the following business day rule in future debt issues, a rule that should be considered by issuers or agents of the issuer when preparing their datasheets; the anticipation of the time of payment of Public Debt interest, as well as the alignment of securities and cash instructions in the case of total or partial amortization; need to inform the reason for the delay or cancellation of an event; and the need to send a notification in case of reversal.

Regarding the implementation of events not yet existing in the Portuguese market, Interbolsa identified those whose implementation it considers to be relevant, requesting the participants in the meeting to send any comments or suggestions.

Concerning the payment time standard (standard 8), Interbolsa stated that, in case of anticipation of sending the event cash instructions to the T2S Night-Time-Settlement (NTS), currently at 8:30, the change will be made for all events.

It was also mentioned that standard 11, which is related to standard 10, the status should be “Not Applicable”, as it refers to events with options not used by the Portuguese market.

Regarding Billing standards, Interbolsa is currently reviewing the implementation of standards 1 and 4. Standards 2 and 3 are already implemented.

Participants commented throughout this presentation, getting clarification on the priorities and objectives of the choices presented. Testing of the new procedures is



expected to begin in November 2021 and will be implemented in November 2022 (scheduled date for Eurosystem ECMS go-live).

2) Tour de Table on the necessary adaptations identified in the plan

Several participants provided comments as well as suggestions of specific points that the plan should address, such as the length of the transition period from ISO 15022 to ISO 20022 messages, negative interest rate bonds or the default of a bond. However, given available resources and timings, it was stressed that Interbolsa will have to prioritize issues with significant impact on the domestic market. In any event, it was agreed that the participants would send to the NSG-PT Secretariat and Interbolsa any suggestions, comments or proposals on the plan submitted by 15 November to allow any adjustments to be made by the end of November.

4. Other business

The Chair thanked the participants for their contributions and renewed the request for comments and suggestions on the proposed plan by 15th November. A final version of the plan should be submitted by written procedure to NSG-PT members and subsequently sent to the ECB.