



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

**Summary of 7<sup>th</sup> AMI-SeCo NSG-PT Meeting**

**Place:** Telco Webex

**Date:** December 17th, 2021 – 10.00h to 11.30h

<b>Institutions</b>	<b>Members</b>
Banco de Portugal (BdP)	
Departamento de Sistemas de Pagamentos (DPG)	Maria Tereza Cavaco (Presidente)
	Anabela Mendes
	Fernando Chau
	Hugo Mira
	Lara Fernandes
	Luís Miguel Oliveira
	Nuno Brito Soares
Departamento de Mercados (DMR)	Anabela Cardoso
	Daniela Santos
	Luís Sousa
	Miguel Vale
	Pedro Corsino Matos
APB - Associação Portuguesa de Bancos	João Tomaz
Banco BPI	Sofia Pereira Santos
Banco Santander Totta	Rita Roque
BCP	Luís Moreira Fernandes
	Nuno Valente
	Sandra Gomes
BNP Securities Services	Bernardo Silva



<b>Institutions</b>	<b>Members</b>
Caixa Central de Crédito Agrícola Mútuo	Nuno Oliveira Sónia Costa Reis
CGD	Filipa Alcaide Ricardo Ribeiro
Citibank	Rita Álvares
Comissão dos Mercados de Valores Mobiliários (CMVM)	Sónia Pedro
Deutsche Bank	Pedro Campos
IGCP- Agência de Gestão da Tesouraria e da Dívida Pública	Célia Galrinho
Interbolsa	Corina Oliveira
Novo Banco	Paulo Custódio Sandra Murcela Tiago Louro Vasco Pinto
SIBS	Luís Sequeira
<b>Absent Institutions:</b>	
AEM	

- 1. Introduction and presentation of the meeting agenda**
- 2. TARGET2-Securities – recent developments (activity, upcoming releases and T2S migration to ESMIG)**

The Bank presented an analysis of the evolution of securities settlement activity, for the period between January and November 2021, in T2S as a whole and in the national community (including information by type of security). In the domestic market and compared to the same period of the previous year, activity was reduced by 21% in volume and 28% in value.

In 2021, four releases were successfully implemented in T2S: 4.3 (February), 5.0 (June), 5.1 (September) and 5.2 (November). For 2022, four releases are scheduled, of which the following change requests were highlighted: 701 (referring to the migration from T2S to ESMIG) and 702 (upgrade of non-repudiation of Origin in U2A) to release 6.0 (June) and changes requests 733 (new classification of transactions) and 734 (increased number of digits in the value field for some messages), for release 6.2 (November).



In 2021, there were 84 incidents, 10 more than in 2020, an increase resulting from incidents of the penalty mechanism dry run tests, which started in September 2021.

A status report was also made regarding the T2S migration to the Eurosystem Single Market Infrastructure Gateway (ESMIG), a single access point for the different services (CLM, RTGS, T2S, TIPS, ECMS), with special emphasis on the relevant dates in the Institutions' perspective: start of connectivity tests in a test environment until February 25; and carrying out connectivity tests in a production environment until March 25th. The connection to T2S via ESMIG will go live on June 11, 2022.

### **3. SCoRE: Presentation of the results of the 3rd monitoring exercise**

The Bank presented the results of the 3rd SCoRE monitoring exercise only for the Portuguese market, as the aggregated results of the Eurosystem were not yet available.

Of these results, the participation rate of Portuguese entities should be highlighted (reaching even 100 percent in the case of corporate actions). The implementation of the standards is ongoing without any problems having been identified that jeopardize the final implementation in November 2023.

### **4. Corporate Actions standards for harmonization (debt and non-debt instruments)**

Interbolsa (Euronext Securities Porto) provided a brief overview of the project's timeline, highlighting the 2021 milestones and the start of external tests, scheduled for early 2023.

Next, some clarifications of the *corporate action* standards, which have been updated in the meantime, were presented, namely standard 7 (relating to securities amount data), standard 8 (on payment time), standard 10 (referring to elective events) and standard 12 (regarding handling of fees meeting events).

Within the scope of the plan for adapting the Portuguese market to the SCoRE standards, the main changes to be implemented, relating to *corporate actions* and *billing*, were also recalled.

With regard to the implementation of the SCoRE *corporate actions* standards, Euronext Securities Porto mentioned, as already announced, that a common platform of *corporate actions* will be implemented for all CSDs of the Euronext group. This project will be implemented in a phased manner, with its implementation scheduled by Euronext Securities Porto in November 2023, covering debt instruments. This platform will subsequently be extended to all other securities.



## **5. The new challenges of the settlement discipline**

CCCAM representative listed a number of issues within the scope of the implementation of the settlement discipline that were considered important for a debate between the participants in the meeting, namely, transfer of securities from one institution to another resulting from inheritance processes, transfer of securities without change of ownership, how to agree the settlement date and when to record the instruction.

The institutions involved, in order to avoid penalties arising from settlement failures, may cooperate in sending the information necessary for the normal processing of transactions (eg settlement date).

The representative of Interbolsa recalled that this topic had already been addressed in international meetings and that it was considered necessary to prepare a document for the national market, eventually using a SWIFT message as a template for the transfer of information between the institutions involved.

Given the interest of the topic, the President of the AMI SeCo NSG-PT suggested the creation of a task-force, to work on the definition of a harmonized practice for the Portuguese market. Institutions must indicate their interest in participating by January 7, 2022.

Another issue raised by the participants was the tax treatment of penalties. The APB representative informed that the association's legal area will study this issue. The representative of BNP Securities Services informed that, in the specific case of France, the penalties are not considered as commissions charged by banks nor their collection considered as a service provided by the Bank and as such are not subject to VAT. Regarding the credits and debits generated by the penalties, they should not be subject to withholding at source (the credits) and must be considered by the subject entity (net of credits and debits) in the calculation of results, however, apparently this issue is also still in discussion with the French tax authorities.

## **6. Feedback and Questions**

Participants in the meeting had no doubts about the presentations made.

## **7. Other business**

The President of the AMI SeCo NSG-PT suggested that the next meeting should address the topic "How are participants in the Portuguese market following the experiences that have been carried out in the field of security tokenization, as well as their trading on DLT platforms and interaction with TARGET2/T2S".



On the other hand, the representative of the BCP suggested that a presentation be made, with a more practical content, of the ECMS project.

Given the interest in the various Eurosystem projects exposed at this meeting, the following Banco de Portugal contacts were identified for any questions or requests for information:

- TARGET/T2S: [target2@bportugal.pt](mailto:target2@bportugal.pt) or via telephone to 21 31 30 240;
- ECMS: [monetary.policy.operations@bportugal.pt](mailto:monetary.policy.operations@bportugal.pt).

The next meeting of the AMI SeCo NSG-PT will be held in the 2nd quarter of 2022.