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It's already one year since our migration to T2S!

September 18th was the first anniversary of the migration to the Target2 Securities technical settlement platform of IBERCLEAR and the Spanish community. For IBERCLEAR, this means a year of service to our clients since this milestone, which has started a transformation across the securities post-trade landscape in which we continue working to adapt our processes, service level and product offer. We are very aware this year is only the beginning, but the ongoing dialogue with Participants and Issuers must bring us to enduring service improvements, which is IBERCLEAR's reason to exist. As a sample, the IBERCLEAR website has been recently renovated, and its new look is available since October 8th.

We inform below on the most interesting topics taking place after one year into T2S.

What happened lately



CBS

The Cross Border Services project keeps on with its roll-out, offering Participants the possibility to settle other markets' securities in the accounts they already have in IBERCLEAR, over which there are other custody service offers like withheld tax reclaims or proxy voting. In this way, efforts deployed by them in their adaptations to T2S during the Reform of the System are leveraged, broadening the use of these accounts for foreign securities. Production is set to go live before the year end, launching a first phase which includes securities issued in those CSDs with which IBERCLEAR is already operating a link, the ones from Germany, France, Italy, Netherlands and Austria, along with the new link with Interbolsa, the CSD from Portugal. The testing phase for this go-live is being successfully performed, and several pilot-participants are taking part in them.

SAVINGS IN T2S MESSAGING

From the very migration date, research on possible savings in messaging to and from T2S has been taking place. With the aim of reducing the costs relating to sending these messages, the analysis focused on ceasing the sending to participants/receiving from T2S the messages regarding maintenance processes. Specifically, in order to optimize messaging and, in this way, reduce associated communication costs, status MT548 (CPRC/CAND) and status MT548 (TPRC/PACK) will not be sent after 1st November –more information to be found in Instruction 10/2018-. IBERCLEAR has also played a prominent role in passing Change Request CR-613, thus achieving the grouping of T2S outbound messages in files, adding significant savings in this cost line.

IMPROVEMENTS IN PTI

With the purpose of improving the service offered, new and better functionalities have been incorporated to the Post Trade Interface, regarding the communication processes participants keep with it and the formats they send to issuers. Formats HTITU01 (Ownership communication), VF (Failed instructions) and HCOMCCV (Ownership information in CCV transfers) are the ones including these adaptations. Details are available in Instruction 11/2018, and they have already gone live on October 8th.

CSD-R

Regarding the process for certifying IBERCLEAR as a CSD compliant with EU Regulation 909/2014, and once the CSD-Regulation White Paper was already released both in the public webpage and within the Information Notice 23/2018, works pursuing completion of the documentation being required by CNMV are still going on.

SETTLEMENT DISCIPLINE

On September 13th the Official Journal of the European Union released the Regulatory Technical Standards (RTS) applicable to Settlement Discipline, stating they will go live after two years of their publication, that is, September 14th, 2020. IBERCLEAR continues its working participation both in the group on Settlement Discipline created by ECSDA, of which it is a member since it was founded, as well as in the task force on CSD-R within T2S.

T2S

Regarding what has happened lately in the T2S environment, the go-live of Release 2.0 on June 9th must be highlighted. It included setting in production nearly 20 Change Requests, as well as 66 fixes in the technical Platform. On the other hand, the Spanish Ami-SeCo group, created to agree on requests and opinions gathered by the Spanish community towards this collateral and securities forum, held its last meeting in June, the third one so far in 2018. Additionally, different infrastructures are scheduled to migrate to the technical Platform, all of them in October 2019: VP Securities A/S depository and the Danish Central Bank, which will incorporate settlement in DKK, first non-EUR currency in T2S; a new securities depository, ID2S, and the Central Bank of Ireland.



New releases

Implementation of the General Data Protection Regulation, compliant with statements regarding data safekeeping relating to settlement of transactions by IBERCLEAR (Circular 3/2018).

ARCO Settlement System fees modification (Circular 2/2018) and updates in its codification and literal definitions used for billing (Information Notice 28/2018).

Cash reconciliation: T2S MITI reference is incorporated in MT536 “settled transactions report” messages and MT566 “corporate action confirmation” messages, and the new format MT598-904 “communicating T2S references to the agent bank” for agent banks has been approved, with the aim to make cash reconciliation easier for both agent banks and participants (Instruction 9/2018).

The possibility to send instructions after redemption date is incorporated, in line with transformations standard no. 2 of the events group in the T2S Corporate Action Sub-Group (Instruction 6/2018).

The ARCO System Manual is updated for Swift Release 2018 (Instruction 13/2018).

The procedure on securities pledges and financial guarantees and the events template has been updated. The financial guarantee inscription form has been modified, and a new one has been approved

so as to identify the participant acting as an agent bank (Instruction 12/2018).

In line with Change Request T2S_0640_SYS, the ADEA code must specifically relate only to BATM - Bilateral Agreed Treasury Management- instructions (Instruction 8/2018).

A “currency code” field has been included in format MT535 “balances report”, and annex T01 on “functionalities regarding the type of trade” is updated, specifying that bilateral trades within a CCP will also have the choice to be instructed as Deliveries with Payment (DwP), Receipts with Payment (RwP) or Payments free of Delivery (PfoD) (Instruction 7/2018).

Information Notice 31/2018, of 26th September, reminds the users of the possibility to check IBERCLEAR messaging formats not only on the website Private Area, but also in MyStandards, the information repository developed by SWIFT for ISO messaging. In order to offer an easier use, some modifications have been implemented in line with the format versions already available in the Private Area.

For any questions, we are available at the following address: entidadesiberclear@grupobme.es