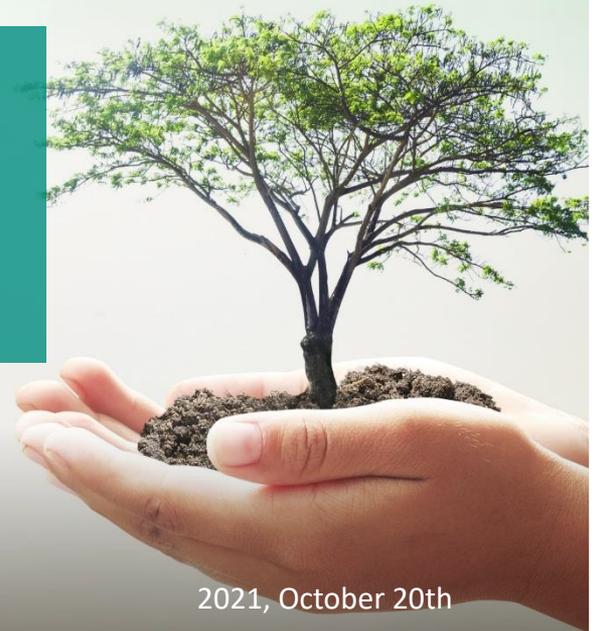# USER COMMITTEES

**INTERBOLSA**
A EURONEXT COMPANY

2021, October 20th

# COMMITTEES COMPOSITION BIENNIUM 2021/2022

# ADVISORY COMMITTEES - SCOPE

✓ Create and appoint two specialized groups whose role is to act as INTERBOLSA's primary consulting source regarding matters, identified by this managing entity, related to securities settlement and centralized securities systems

✓ Promote an effective interaction and connection between Interbolsa and all the participants in the systems managed by Interbolsa

✓ Comply, at the *Governance* level, with the international orientations related to the creation of user committees composed by the users of the systems managed by the *Central Securities Depositories* (CSDs), as established in the Regulation (EU) 909/2014, of 23 July and in the recommendations ESCB/CESR (European System of Central Banks / Committee of European Securities Regulators)

# ADVISORY COMMITTEES - BIENNIUM 2021/2022

## COMPOSITION - MEMBERS

**Twelve affiliates to the systems managed by Interbolsa:**

✓ Banco Comercial Português, S.A.

✓ Caixa Geral de Depósitos, S.A.

✓ Banco Santander Totta, S.A.

✓ Novo Banco, S.A.

✓ Banco BPI, S.A.

✓ Caixa Económica Montepio Geral, Caixa Económica Bancária, S.A.

✓ Banco BIC Português, S.A.

✓ Banco de Investimento Global, S.A.

✓ Banco Bilbao Vizcaya Argentaria, S.A. - Sucursal em Portugal

✓ Caixa Central Crédito Agrícola Mútuo, C.R.L.

✓ Haitong Bank, S.A.

✓ Bankinter S.A., Sucursal em Portugal

# ADVISORY COMMITTEES - BIENNIUM 2021/2022

## COMPOSITION - MEMBERS

**Three remote affiliates to the systems managed by Interbolsa:**

✓ BNP Paribas Securities Services

✓ Citibank Europe plc

✓ Deutsche Bank AG, Amsterdam Branch

**CCPs participants in Interbolsa's systems:**

✓ BANQUE CENTRALE DE COMPENSATION, S.A. (LCH, S.A.)

✓ EUROPEAN CENTRAL COUNTERPARTY N.V. (EUROCCP)

✓ OMICLEAR, C.C., S.A.

**CSDs participants in Interbolsa's systems:**

✓ Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, S.A.U. (IBERCLEAR)

✓ Clearstream Banking AG (CBF)

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# ADVISORY COMMITTEES - BIENNIUM 2021/2022

## COMPOSITION - MEMBERS

**Twelve issuers:**

✓ Galp Energia, SGPS, S.A.

✓ EDP - Energias de Portugal, S.A.

✓ Jerónimo Martins, SGPS, S.A.

✓ Infraestruturas de Portugal, S.A.

✓ NOS, SGPS, S.A.

✓ The Navigator Company, S.A.

✓ REN - Redes Energéticas Nacionais, SGPS, S.A.

✓ Sonae SGPS, S.A.

✓ Altri, SGPS, S.A.

✓ SGALD Automotive- Sociedade Geral de Comércio e Aluguer de Bens S.A.

✓ Intercement Portugal, S.A.

✓ Corticeira Amorim, SGPS, S.A.

# AGENDA

1. **Euronext of CSDs**

2. **ECMS/SCORE Standards**

3. **Ongoing projects**

4. **Fee changes 2022**

5. **AoB**

# BUILD A EUROPEAN AMBITION

# EURONEXT SECURITIES, A LEADING CSD OPERATOR IN EUROPE

**#3**
largest CSD operator in Europe

**€6.3tn+**
Asset under Custody

**120m+**
Yearly settlement instructions processed

**7,700+**
issuers

- **Well-developed and longstanding relationship with local ecosystems** including regulators, central banks, financial intermediaries and issuers

- Experienced and **highly skilled CSD teams**

- Strong expertise in **developing added value services**

- **Segregated account model in the Nordics**, optimally positioning Euronext Securities to support growth of retail investment

# BUILD AN EUROPEAN AMBITION AND SCALE UP EURONEXT SECURITIES

**Shortening of the value chain**

**Increased demand for added value services**

**Mutualization across Euronext CSDs**

## 2024 AMBITIONS

- **EXPAND SERVICES -** Further develop local and Nordic added value services for financial institutions and issuers

- **CONVERGE -** Mutualize and harmonize infrastructure to facilitate access to local markets served by Euronext Securities

- **SCALE EUROPEAN ACTIVITIES -** Support Euronext's primary and secondary markets across Europe

- **IMPROVE LOCAL & INTERNATIONAL CUSTOMERS EXPERIENCE -** Roll-out targeted new client interfaces and client service model
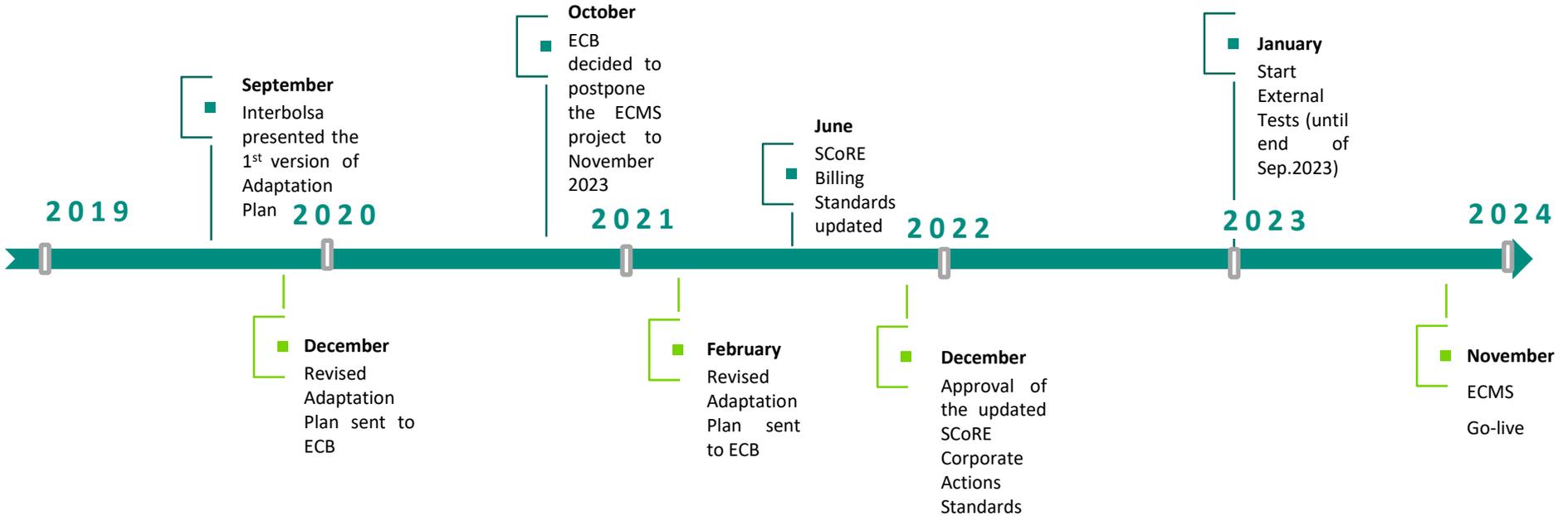
# ECMS/SCORE STANDARDS

# TIMELINE

**2019**

**September**
Interbolsa presented the 1st version of Adaptation Plan

**2020**

**December**
Revised Adaptation Plan sent to ECB

**October**
ECB decided to postpone the ECMS project to November 2023

**2021**

**February**
Revised Adaptation Plan sent to ECB

**June**
SCoRE Billing Standards updated

**2022**

**December**
Approval of the updated SCoRE Corporate Actions Standards

**January**
Start External Tests (until end of Sep.2023)

**2023**

**November**
ECMS Go-live

**2024**

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# MAIN CHANGES TO BE IMPLEMENTED

**CORPORATE ACTIONS**

- Implementation of additional Corporate Action event types and events with options

- Alignment of the cash and securities payments, namely for redemptions

- Implementation of reversals

- Notification in case of delays in execution of a Corporate Action

- Ensure availability of the default option for the new CA events with options

- Expansion the use of blocking of securities for the new elective CA events

- Availability of the full set of the ISO 20022 Corporate Actions messages

- Enhancement of business processes, workflows and key data with the implementation of ISO 20022 messages

- Alignment with the standard for securities that follow the "Modified Following business day" convention

**BILLING**

- Align the payment of Interbolsa invoices (changed from the 8$^{th}$ of each month to the 15$^{th}$ of each month)

- Implementation of ISO 20022 messages

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# CA PLATFORM

Implementation of a new Corporate Actions platform in order to INTERBOLSA increase efficiency and modernise its processing of the Corporate Actions

# ONGOING PROJECTS

# SRD II

# SRD II - GENERAL MEETINGS

**On September 6, 2021 INTERBOLSA implemented the ISO 20022 messages for the notification of General Meetings**



① - Issuer sends the request to Interbolsa through My INTERBOLSA
② - Interbolsa validates de request
③ - Interbolsa sends the notification/cancellation of the request to its participants, through STD (NOTEVET), ISO 15022 messages (MT564 + MT568) or ISO 20022 (seev.001/ seev.002, if subscribed)

# SRD II – IDENTIFICATION OF BENEFICIAL HOLDERS

**On September 6, 2021 INTERBOLSA implemented the ISO 20022 messages for the Identification of Beneficial Holders and the automatic processing of requests with RD in the past (up to 1 year)**
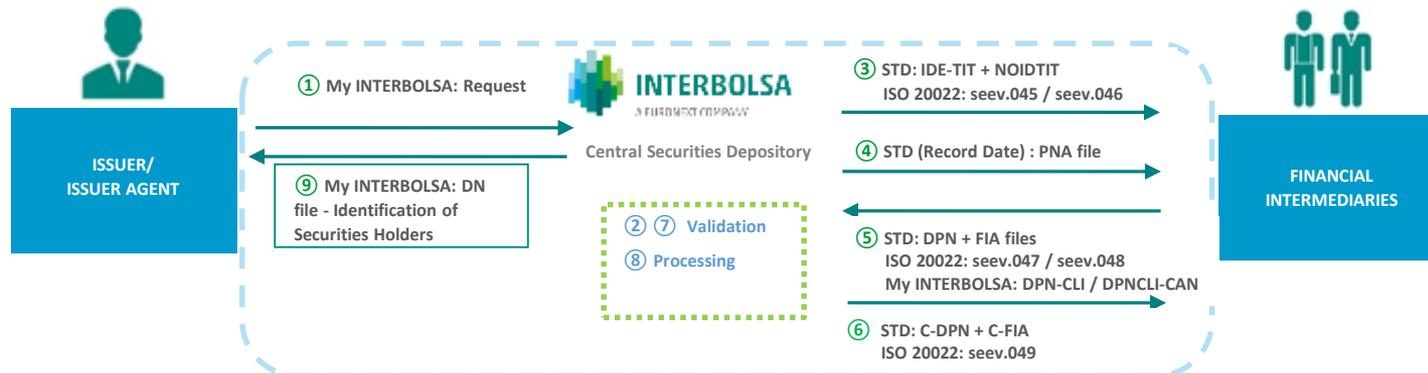


① - Issuer sends the request to Interbolsa through My INTERBOLSA

② - Interbolsa validates de request

③ - Interbolsa sends the notification of the request to its participants, through STD or ISO 20022 messages (if subscribed)

④ - On record date Interbolsa sends to its participants, through STD, the positions to be identified (PNA file)

⑤ - Interbolsa participants send, through STD, the information of the end investors identification (FIA file) and the detailed securities positions (DPN file) or though ISO 20022 messages (seev.047), if subscribed. For the financial intermediaries over the custody chain the information must be sent by ISO 20022 messages (seev.047), if subscribed, or through Interbolsa web portal - My INTERBOLSA (DPN-CLI file)

⑥ - Interbolsa validates the information received

⑦ - Interbolsa sends the status advice of the information received (through the STD or by ISO 20022 message, if subscribed)

⑧ - Interbolsa consolidates the information received

⑨ - Interbolsa sends to Issuer, through My INTERBOLSA, the information of the end investors identification (DN file)

# IDENTIFICATION OF BENEFICIAL HOLDERS

## NEXT STEPS

**CMVM Regulation n. 6/2020:**

"**Information block nr 1**": Information on the participants number and participation units, with the following fields:

***Participant Type (Field 1):*** Field that identifies the participant type code:

- *"NP", if no professional investor;*
- *"PR", if professional investor;*
- *"CE", if eligible contraparty. "*

**Adaptations required:**

- STD
- ISO 20022 Messages

# CSDR – SETTLEMENT DISCIPLINE

# CSDR - SETTLEMENT DISCIPLINE

**The new settlement discipline defines the measures to prevent and address settlement fails**

| Measures to prevent settlement fails |
| :---: |
| **CSDR Article 6** |

| Measures to address settlement fails |
| :---: |
| **CSDR Article 7** |

Automated settlement and fully automated, continuous real-time matching

(harmonised matching fields)

Mechanisms for participants to manage settlement instructions

Access to relevant information

Bilateral cancellation

Recycling

Hold and release

Partial Settlement
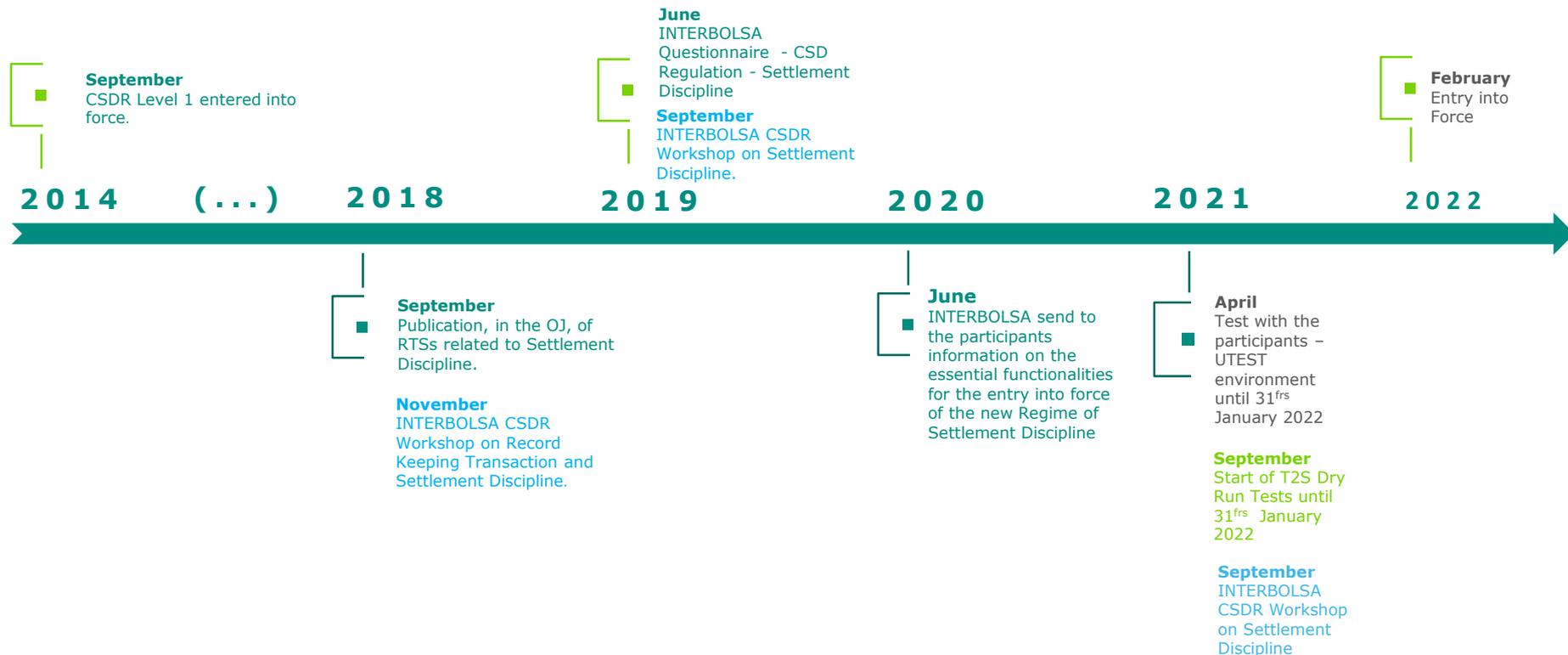
Penalties

Buy-in/Cash Compensation

Monitoring, reporting and disclosure of Settlement Fails

Suspension of participant

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# TIMELINE SETTLEMENT DISCIPLINE

**September**
CSDR Level 1 entered into force.

**June**
INTERBOLSA Questionnaire - CSD Regulation - Settlement Discipline

**September**
INTERBOLSA CSDR Workshop on Settlement Discipline.

**February**
Entry into Force

**2014    (...)    2018        2019        2020        2021        2022**

**September**
Publication, in the OJ, of RTSs related to Settlement Discipline.

**November**
INTERBOLSA CSDR Workshop on Record Keeping Transaction and Settlement Discipline.

**June**
INTERBOLSA send to the participants information on the essential functionalities for the entry into force of the new Regime of Settlement Discipline

**April**
Test with the participants – UTEST environment until 31$^{frs}$ January 2022

**September**
Start of T2S Dry Run Tests until 31$^{frs}$ January 2022

**September**
INTERBOLSA CSDR Workshop on Settlement Discipline

# CASH PENALTIES

## ECSDA FRAMEWORK

**To whom the ECSDA Framework will apply?**

**Objective:**
Harmonisation of rules and procedures. Focuses on the penalties related questions of the settlement discipline regime of the CSDR

**Principles to be applied by all EU CSDs:**
- ✓ Provision of a cash penalty mechanism
- ✓ Cash Penalties:
  - Daily calculated, after intended settlement date (ISD) until the actual settlement or cancellation
  - Apply to: matched settlement instruction (free or against payment) that fails to settle after its ISD, including Hold instructions and late matching fails

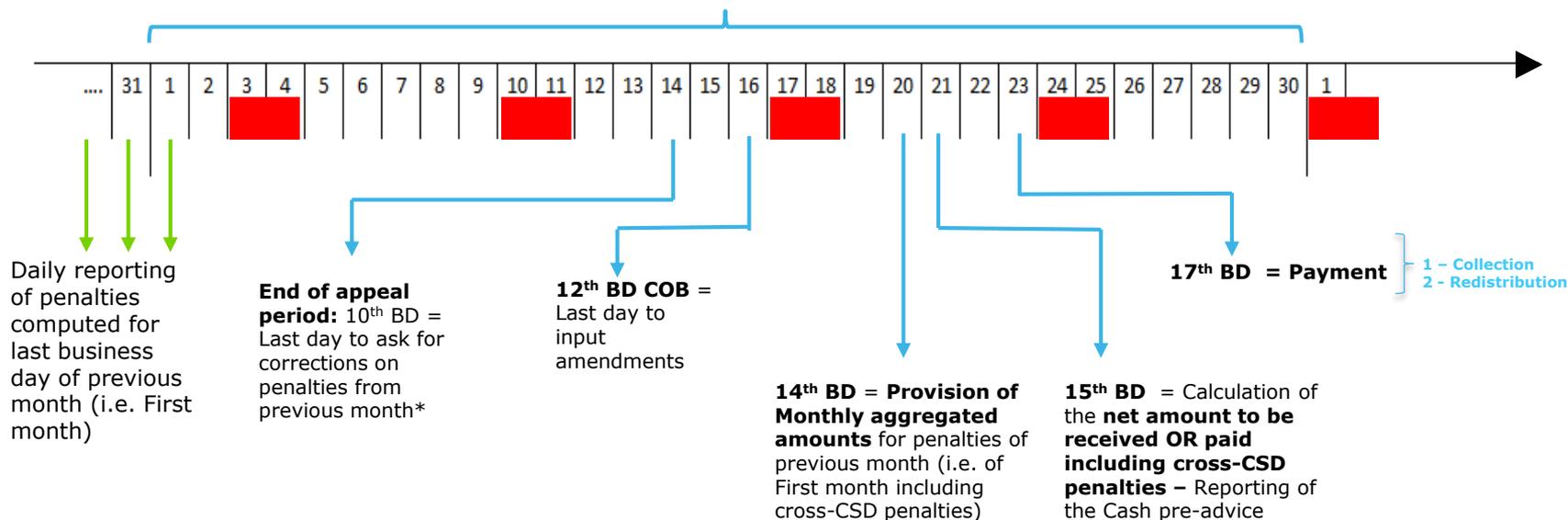| **Daily information to Participants** | **Collection before redistribution** |
|---|---|
| **Special situation of the CCPs** | **Penalties not a revenue source for the CSD** |

**Redistribution of the penalties collected to the participant that suffered from the fail on a monthly basis**

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# CASH PENALTIES

## TIMETABLE

**Following MONTH (provision of aggregated amounts and payment)**



Daily reporting of penalties computed for last business day of previous month (i.e. First month)

**End of appeal period:** 10th BD = Last day to ask for corrections on penalties from previous month*

**12th BD COB** = Last day to input amendments

**14th BD = Provision of Monthly aggregated amounts** for penalties of previous month (i.e. of First month including cross-CSD penalties)

**15th BD** = Calculation of the **net amount to be received OR paid including cross-CSD penalties –** Reporting of the Cash pre-advice

**17th BD = Payment**

1 – Collection
2 – Redistribution

* On an exceptional basis and within the cases list provided by ESMA

# CASH PENALTIES

## T2S PENALTY MECHANISM – IMPACTS FOR PARTICIPANTS

### Penalties reports

Daily and monthly penalties reports:
- via INTERBOLSA:
**SWIFT ISO 15022 (MT537 - new block) and STD (new files)**

- via T2S:
**SWIFT ISO 20022 (semt.044)**

### Reconciliation

Carry out internal reconciliation
(based on INTERBOLSA and T2S reports)

### Dedicated Cash Account

Fund the Cash Account on time, by the payment date

It will be possible to appoint a specific cash account for the penalties management

### Clients penalties

Management of underlying client's penalties

### Recharge policy

Define own recharge policy towards underlying clients

# DRY RUN TESTS

## T2S PENALTY MECHANISM – HIGH LEVEL PLAN

| 2021 | | | | | 2022 | | |
|---|---|---|---|---|---|---|---|
| August | September | October | November | December | January | February | March |

★ (green) Pre-Mig. ★ (red) Dry Run: Penalties are computed by T2S but not collected by CSDs ★ (black) Full process: Penalties are computed and collected
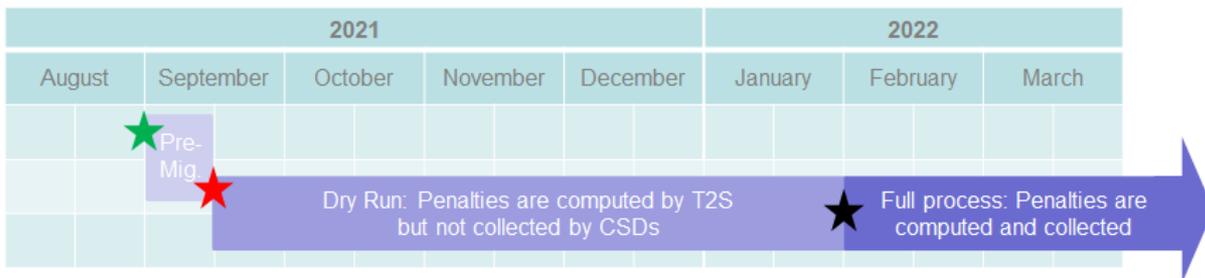
Legend:

★ (green) Start of the Pre-Migration / Configuration Period

▮ Pre-Migration - Configuration Period

★ (red) Activation Date (14th of September)

▮ Dry Run: Penalties are computed by T2S but not collected by CSDs
→ First report (Daily Penalty List) including penalties will be sent by T2S on the morning of 15th of September

★ (black) Entry into force (1st of February)

▮ Full process: Penalties are computed by T2S and collected by CSDs
→ First report (Daily Penalty List) including penalties that will be collected by the CSDs will be sent by T2S on the morning of 2nd of February

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# GO LIVE

## T2S PENALTY MECHANISM – TIMETABLE



**01-02-2022**

| First daily report containing penalties | First daily report containing modified penalties | Monthly report with '**no activity**' | First Monthly report with '**activity**' |
|---|---|---|---|
| 2 February | 3 February | 18 February | 21 March |

February · March

Full process: penalties are computed, reported and collected

**PRODUCTION**

| 1 February | 1 February | 23 March |
|---|---|---|
| Full compliance CSDR Entry into force | End of appeal period for January 2022 | Settlement of PFODs February penalties |

# T2S - RELEASES

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# LAST T2S RELEASES

**Since last *Operational Advisory Committee*, on 2020/11/11, the following releases were implemented:**

✓ **R 4.2 - 2020/11/21 -** implementation of 13 Change Requests (CRs) and resolution of 14 Production Problems (PBIs) and 29 defects

✓ **R 4.3 - 2021/02/20 -** resolution of 12 PBIs and 1 defect

✓ **R 5.0 - 2021/06/12 -** implementation of 19 CRs and resolution of 27 PBIs and 12 defects

✓ **R 5.1 - 2021/09/18 -** resolution of 16 PBIs

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# NEXT T2S RELEASES

| Release | # CRs | # PBIs #rel. deffects | First deployment in EAC | Deployment in UTEST | Deployment in Production |
|---------|-------|------------------------|--------------------------|----------------------|---------------------------|
| **5.2** | **13** | 4 | 2021/08/12 | 2021/09/24 | 2021/11/20 |
| **5.3** | - | 2+… | 2021/12/10 | 2022/01/21 | 2022/02/19 |
| **6.0** | **16** | 5+… | 2022/02/03 (CR-722: 2021/11/26) | 2022/04/08 | 2022/06/11 |
| **6.1** | - | … | 2022/07/22 | 2022/08/05 | 2022/09/17 |
| **6.2** | **4+…** | … | 2022/08/11 | 2022/09/23 | 2022/11/19 |
| **6.3** | - | … | 2022/12/02 | 2023/01/20 | 2023/02/18 |
| **7.0** | **1+…** | … | 2033/02/03 | 2023/03/31 | 2023/06/10 |
| **…** | | | | | |
| **7.2** | **November 2023**: Eurosystem Collateral Management System (**ECMS**) | | | | |

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# T2S RELEASE 5.2

**T2S-0384-SYS** - *A2A message to make securities ineligible for auto-collateralisation*

**T2S-0436-URD** - *Client-collateralisation: allow payment banks to set up their own list of close links*

**T2S-0530-URD** - *Modification of cash forecast for the current and following business day after DVP cut-off*

**T2S-0572-SYS** - *A2A message to remove close links*

**T2S-0574-URD** - *Applying additional haircuts to own-used assets in T2S auto-collateralisation*

**T2S-0680-SYS** - *T2S should allow ECMS to receive flat file statement of holdings, transactions and pending instructions at the level of securities accounts*

**T2S-0697-SYS** - *Billing common component development*

**T2S-0714-SYS** - *T2S should allow ECMS to receive the notifications of relocation instructions (sese.032 and sese.025)*

**T2S-0745-URD** - *T2S penalty mechanism must provide increased flexibility for the penalty computation currency in case of FOP instructions*

**T2S-0746-SYS** - *Mitigation measures for missing partial settlements and new COLGEN tool*

**T2S-0747-SYS** - *NTS cash contingency cases management - new CASHGEN tool*

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# T2S RELEASE 5.2

**T2S-0748-URD** - *dedicated list of Central Counterparties (CCPs) to identify and flag CCPs in the penalty reports generated by T2S*

✓   Interbolsa will exclude the flagged CCPs in the Collection and Distribution process of the cash penalties

**T2S-0759-URD** - *T2S Penalty Mechanism: Reporting with reason code 'new penalty' (NEWP) in the List of Modified Penalties*

✓  ICPs: Interbolsa will adapt the system to provide the new code "NEWP" in the penalties reports - Modified Penalties, sent to the participants via STD and via SWIFT ISO 15022 (MT537)

✓  DCPs: T2S will provide the new code "NEWP" in the penalties reports - Modified Penalties

**Remark:**

**T2S-0722-BFD** - *Upgrade of non-repudiation for U2A*

➢   This Change Request (CR) was de-scoped from T2S R5.2 and will be postponed to **T2S R6.0** (June 2022)

# T2S RELEASE 5.2

## MIGRATION TO PRODUCTION
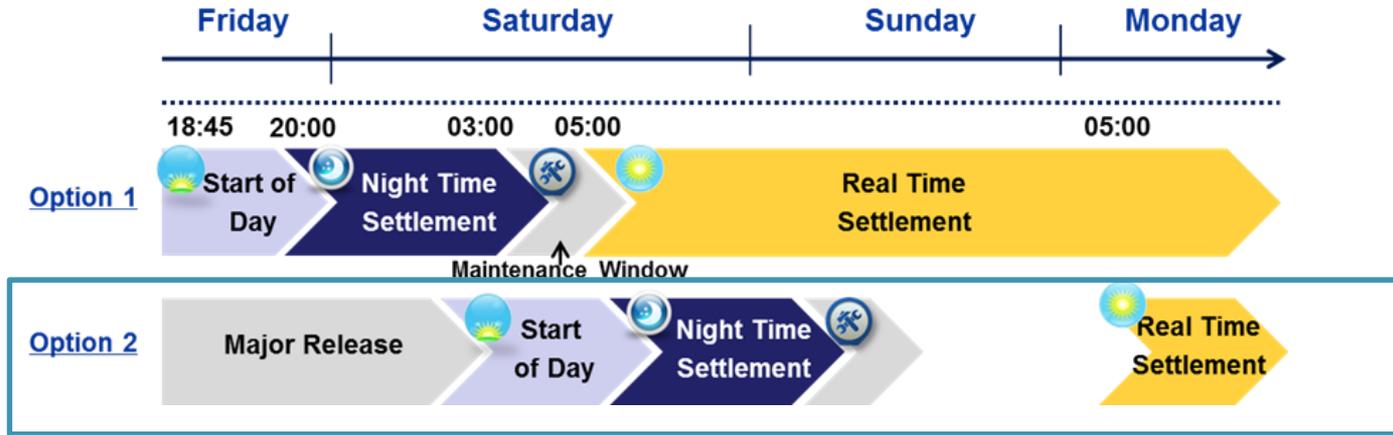


- **Close T2S - A2A and U2A Channel** and stop time relevant T2S Applications … 2021/11/19
- Migration activities … 
- Open T2S - U2A Channel and restart time relevant T2S applications … 2021/11/20
- Night Time Settlement (NTS) activities …
- **Open T2S A2A Channel** …
- Green light for real-time settlement …

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# T2S RELEASE 6.0

**T2S-0557-SYS** - *Skip validations on minimum settlement unit (MSU) and settlement unit multiple (SUM) for settlement instructions related to Market Claims and Transformations*

**T2S-0611-URD** - *Cash Account Postings GUI Screen to include the T2S Actor References*

**T2S-0722-BFD** - *Upgrade of non-repudiation for U2A*
  - ✓ **Go>Sign Desktop** using JavaScript will replace Go>Sign Applet, because web browsers no longer accept Java applets

**T2S-0726-SYS** - *No redundant status update on instructions pending due to counterparty hold*

**T2S-0739-SYS** - *Prioritise transactions with an older intended settlement date over newer ones also after ISD+3 of the newer transaction*

**T2S-0741-SYS** - *Enable settlement of custody-related settlement restrictions in NTS Sequence 1*

**T2S-0742-SYS** - *Enable PFOD for external CSD settlement*

**T2S-0750-SYS** - *AID tool for the T2S Operator*

**T2S-0758-SYS** - *Own party data must be present for already matched cross CSD instructions*

**T2S-0760-URD** - *Reporting the transaction details for new penalties in the List of Modified Penalties*

**Plus 6 CRs related to T2-T2S Consolidation (next slide)**

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# T2-T2S CONSOLIDATION

| Release 4.0 Jun 2020 | Release 4.2 Nov 2020 | Release 5.0 Jun 2021 | Release 5.2 Nov 2021 | Release 6.0 Jun 2022 | Release 6.2 Nov 2022 |
|---|---|---|---|---|---|
| CR-719 Common Reference Data Management - Modified Objects | CR-698 Business Day Management Development | CR-696 Common Reference Data Management for T2-T2S Consolidation - New Objects | CR-697 Billing common component development | CR-699 Data Warehouse functionalities (historical data) | CR-734 Allow 18 digits in Amount fields of messages camt.004/052/053 |
| | CR-702 Internal communication within the consolidated platform | CR-704 Common Reference Data Management | | CR-700 Legal Archiving common component for T2S | |
| | CR-703 - camt.050 exchanged between T2S and Central Liquidity Management (CLM) | CR-708 Allow Liquidity Transfers from a T2S DCA to a RTGS or TIPS DCA | | CR-701 Eurosystem Single Market Infrastructure Gateway (ESMIG) impact on T2S | |
| | CR-721 Common Reference Data Management - Reused Objects | CR-709 Make the automated cash sweep at 17:45 optional | | CR-705 Common Reference Data Management | |
| | | CR-710 Daily maintenance window only for urgent changes and shift of the schedule time | | CR-706 Billing common component - T2S Migration | |
| | | CR-729 Extend the maximum length of references to 35 characters for T2S liquidity transfers in EUR and ensure valid cross service LTs with camt.050 | | CR-707 Business Day Management - T2S Migration | |

# T2S - T2S CONSOLIDATION

# T2-T2S CONSOLIDATION

## LAUNCH - NOVEMBER 2022

- The Eurosystem has launched a project to consolidate TARGET2 and T2S, in terms of both technical and functional aspects.
- TARGET consolidation is a project to replace TARGET2 with a new RTGS system and to optimise liquidity management across all TARGET Services.
- The new consolidated platform will be launched in November 2022.

## NEW RTGS SYSTEM

- The messaging standard ISO 20022 will be used, which is also the case for T2S and TIPS. The new system will also be able to facilitate payments in several currencies, if so, decided by the respective central bank.

## CENTRAL LIQUIDITY MANAGEMENT

- The consolidated platform will feature a centralised tool that will allow participants to steer, manage and monitor central bank liquidity across all TARGET Services. The tool will function via a main cash account that participants can open with a national central bank. This account will be linked to the participant's dedicated cash accounts for the new RTGS system, T2S and TIPS.

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Source: ECB website

# T2-T2S CONSOLIDATION

## COMMON COMPONENTS

The Eurosystem will also introduce a number of components that will be shared across all TARGET Services.

- A harmonised interface – the Eurosystem single market infrastructure gateway – will make it easier for participants to access and use the Eurosystem's services from a single entry point.

- The interface will support **multi-vendor connectivity**, allowing for participants to choose between different connectivity options and fostering competition among network service providers.

- **Common reference data** will reduce the effort required to create and maintain multiple copies of reference data and will centralise the management of user access rights.

- **A common data warehouse** will make it possible for participants to access historic information.

- **A common billing system** will help the Eurosystem optimise its operational costs.

Source: ECB website

# T2-T2S CONSOLIDATION
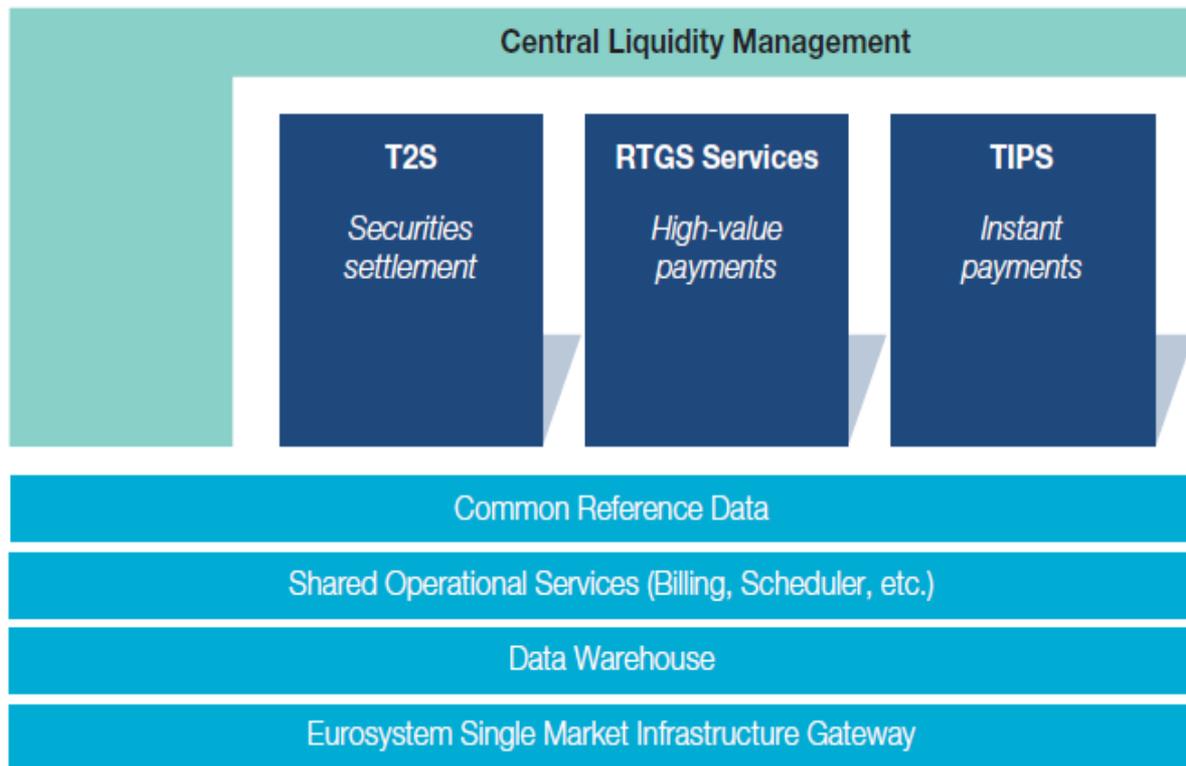
# T2 - T2S CONSOLIDATION

## High-level timeline

| | | 2018 | | | | 2019 | | | | 2020 | | | | 2021 | | | | 2022 | | | | 2023 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Q1 | Q2 | Q3 | Q4 | Q1 | Q2 | Q3 | Q4 | Q1 | Q2 | Q3 | Q4 | Q1 | Q2 | Q3 | Q4 | Q1 | Q2 | Q3 | Q4 | Q1 |
| **Product Readiness** | Specifications phase | ███ | ███ | ███ | ███ | ███ | ███ | ███ | ███ | | | | | | | | | | | | | |
| | User Requirements, Specifications and Other Documentation | | | | | | | | | | | | | | | | | | | | | |
| | Development phase | | | | | ███ | ███ | ███ | ███ | ███ | ███ | ███ | ███ | ███ | ███ | ███ | ███ | ███ | ███ | | | |
| | Development and 4CB internal testing activities | | | | | | | | | | | | | | | | | | | | | |
| | EAT | | | | | | | | ███ | ███ | ███ | ███ | ███ | ███ | ███ | ███ | ███ | ███ | ███ | ███ | ███ | |
| | EAT Framework and Strategy, EAT Connectivity, EAT Preparation, EAT Execution and EAT Reporting | | | | | | | | | | | | | | | | | | | | | |
| **Community Readiness** | | ███ | ███ | ███ | ███ | ███ | ███ | ███ | ███ | ███ | ███ | ███ | ███ | ███ | ███ | ███ | ███ | ███ | ███ | ███ | ███ | |
| | User Readiness, Community Readiness documentation, CB and User Training and Testing, Communication | | | | | | | | | | | | | | | | | | | | | |
| **Operational Readiness** | | | | | | ███ | ███ | ███ | ███ | ███ | ███ | ███ | ███ | ███ | ███ | ███ | ███ | ███ | ███ | ███ | ███ | |
| | Network Connectivity, Migration, Op. Documentation | | | | | | | | | | | | | | | | | | | | | |
| **Legal Readiness** | | ███ | ███ | ███ | ███ | ███ | ███ | ███ | ███ | ███ | ███ | ███ | ███ | ███ | ███ | ███ | ███ | ███ | ███ | | | |
| | Legal Framework, Agreement(s) with the Service Providing NCBs | | | | | | | | | | | | | | | | | | | | | |

# T2-T2S CONSOLIDATION

## MAIN IMPACT FOR THE PARTICPANTS AND INTERBOLSA

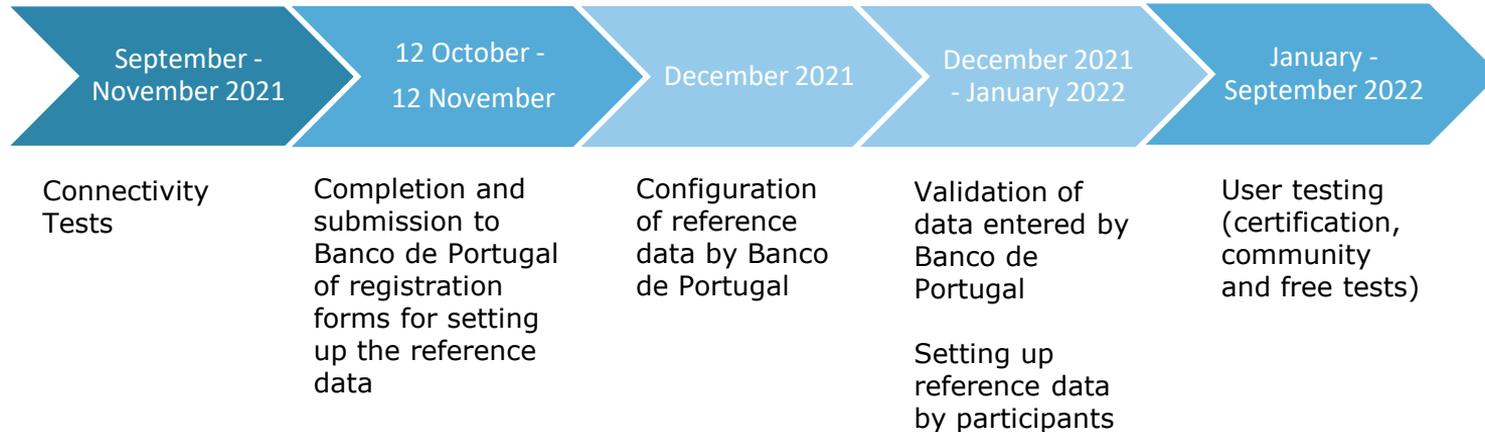| | Current situation | Future situation/Impact |
|---|---|---|
| **TARGET2 – ASI**<br><br>**Settlement Procedures** | Currently TARGET2 (RTGS accounts) is used by Interbolsa to receive the monthly fees from the participants (on day 8 or next business day), by sending xml messages pain.998 (ASTransferInitiation and ASInitiationStatus) to T2 platform, as AS (Ancillary System)<br><br>Interbolsa currently uses the following settlement procedures:<br>• Settlement procedure 2 (Real-Time Settlement) - used for the manual movements<br>• Settlement procedure 3 (Bilateral Settlement) - used for the automatic movements | The settlement procedures 2 and 3 will be discontinued and will be replaced by new settlement procedures<br><br>Interbolsa considered that the most adequate settlement procedure to be used by Interbolsa is the **AS settlement procedure E**:<br>This AS settlement procedure performs bilateral settlement of AS transfer orders.<br><br>The pain.998 messages (ASTransferInitiation and ASInitiationStatus) will continue to exist and can be used in procedure E.<br><br>**Major changes in the schemas:**<br>-Inclusion of currency in the amount fields<br>-Change of some group tags that now refer to "T2" instead of "SSP" |
| **Access to TARGET Services** | TARGET services: RTGS, CLM, T2S, TIPS | The ESMIG (Eurosystem Single Market Infrastructure Gateway) will give access to the TARGET services<br><br>User-to-application for access to screens ESMIG<br><br>In order to have access to ESMIG (User-to-application), T2 particpants will have to use a network provider<br><br>Interbolsa has already contracted the supply of the T2 Connector (SWIFT) |

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# T2-T2S CONSOLIDATION

## MAIN IMPACT FOR THE PARTICIPANTS AND INTERBOLSA

| | Current situation | Future situation/Impact |
|---|---|---|
| **Account Structure** | One participant can have one or more RTGS accounts (T2).<br><br>One RTGS account (T2) can be linked to one or more DCAs (T2S). | The holders of a Main Cash Account (MCA) will have to define the link between the MCA and the default RTGS (DCA).<br>If there are several RTGS (DCA) accounts linked to one MCA, only one can be the default RTGS (DCA).<br>All Main Cash Account have a higher priority than RTGS DCA operations and reservations (1 = first liquidity source, 2 = second liquidity source, etc). |
| **Static data performed by the Central Banks** | For the set up of the RTGS account, the Central Bank (BdP) request the sending by Interbolsa as AS (Ancillary System) the **Form 2002** - Debit mandate for AS Settlement, that needs to filled in and signed by Interbolsa and the participant. | To register to the new TARGET services, it is necessary to fill in a single form in Excel format provided by the Central Bank.<br>This form allows the indication of all the reference data to be configured by the Central Bank, unlike what happens today, where there are several forms, depending on the service.<br>The information currently included in the Form 2002 will have to be included in the new form (Excel format).<br>The Section 5 of the Form allows the participant to define the Liquidity Transfer Group and the Settlement Bank Account Group:<br>• Settlement Bank Group, allows the participant to define a group of cash accounts that settle with a certain Ancillary System (AS). After the AS has created the group, participants have to indicate that they belong to the group.<br>• Interbolsa as AS will inform the participants the name of the mentioned group. |
| **Timetable** | TARGET2 is open for the processing of payments every working day from 07:00 to 18:00 CET. | Extension of the settlement period for transactions.<br>Night-time processing for all settlement procedures peripheral systems; Settlement of payments in real-time from 02:30 CET; Harmonized maintenance window between all TARGET services.<br>Maintenance window occurs between 2:30 am CET (Saturday) and 2:30 am CET (Monday). During the week it is optional. If it occurs, it will be between 03:00 and 05:00 CET and will be transversal to RTGS, CLM and T2S. |

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# T2-T2S CONSOLIDATION

## NEXT STEPS - CENTRAL BANK (BANCO DE PORTUGAL)

| September - November 2021 | 12 October - 12 November | December 2021 | December 2021 - January 2022 | January - September 2022 |
|---|---|---|---|---|
| Connectivity Tests | Completion and submission to Banco de Portugal of registration forms for setting up the reference data | Configuration of reference data by Banco de Portugal | Validation of data entered by Banco de Portugal | User testing (certification, community and free tests) |
| | | | Setting up reference data by participants | |

Source: Banco de Portugal (BdP) training session (October 2021), available on BdP website link

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# T2-T2S CONSOLITADTION

## NEXT STEPS - INTERBOLSA

- **T2-T2S CONSOLIDATION - FUNCTIONAL DESCRIPTION**
  - ✓ Interbolsa will send a document with the changes to be implemented by Interbolsa and the impact for the participants - end October/beginning November 2021

- **REFERENTIAL DATA FOR TESTS**
  - ✓ Interbolsa as AS will inform the participants the name of the group to be filled in the new form (excel format) provided by the Central Bank - end October/beginning November 2021

- **USER TESTING**
  - ✓ User testing (Certification testing; Community end to end testing; Migration dress Rehearsals)  - September 2021 - September 2022)

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# FEE CHANGES 2022

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# FEE CHANGES IN 2022 (1)

**Promote and develop the Portuguese stock market ...**

**...   while aligning some specific services with cost and quality of service**

**No impact expected on the total overall cost charged to the market**

**Incentivise stock market growth and development**
**overall reduction of 6% in share maintenance fees**

**Support growth and new distribution trends in fund business**
**reduction of 6% in fund maintenance fees**
**redemption and cancellation fees (from a sliding scale from €250 to €50, to a fixed €50 for all)**

**Defend and Promote Warrants & Certificates Business**
**reduction of the registration and cancellation fees (from €45 to €35 , up to 2000 operations per year)**

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# FEE CHANGES IN 2022 (2)

**Promote and develop the Portuguese stock market ...**

**...   while aligning some specific services with cost and quality of service**

**Align investor identification fees with service upgrade and international practice**
      **change the fee structure, to a fee per identified holder (€0,3 per identified holder + a cap of €500 per request)**
      **price per request:  €300 with record date in the future; €700 with record date in the past**

**Charge maintenance fees to deferred taxes rights issues (not currently charged)**
      **charge maintenance fees (table of shares) for registration of rights issues in favour of Government for deferred taxes**
      **(continue no charge for usual corporate actions)**

**Incentivise automation of Notification of General Meetings**
      **same price if request in My Interbolsa (€100 per notification)**
      **€200 or €300 if by email and manual procedure**

**Other minor changes/corrections:  Settlement of special operations, communication fees, SCORE - Billing related wording, Corporate actions will be paid directly by Issuers**

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# QUESTIONS

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