

# Comité de Utilizadores

21/05/2024



EURONEXT SECURITIES

/ PORTO

# Agenda

- Introdução
- Alteração dos Terms&Conditions do User Committee
- Apresentação dos KPIs operacionais
- Atualização sobre os projetos em curso
- Tendência de Mercado: Ciclo de Liquidação em T+1
- Lançamento de um estudo sobre barreiras fiscais
- Quadro regulatório: *Digital Operational Resilience Act (DORA)*
- Outros assuntos de interesse

# Introdução

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# Comité de Utilizadores

## Mandato

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# The amendment of CSDR - Refit

CSDR – Refit amends the Article 28 par. 3 of CSDR introducing **a list of examples** of the topics that are included in the “**service level**”.

*“User committees shall advise the management body on key arrangements that impact on their members, including the criteria for accepting issuers or participants in their respective securities settlement systems and on service level. **Service level includes the choice of clearing and settlement arrangement, operating structure of the CSD, scope of products settled or recorded, use of technology for the operations of the CSD and relevant procedures.**”*

## Topic included in “service level”

the choice of a clearing and settlement arrangement

operating structure of the CSD

scope of products settled or recorded

the use of technology for the operations of the CSD

relevant procedures

# Update of User committee mandate

## ES-PTO

### 2. Mandate of the User Committee

2.1. The objective of the User Committee is to establish a direct and effective channel to enable Euronext Securities Porto (hereinafter ES-PTO) users to advise the Board of Directors

(i) on the main issues impacting ES-PTO users, including the criteria for the admission, suspension, exclusion of issuers or participants in the systems managed by ES-PTO,

**(ii) on service levels referred to in article 28(3) of Regulation (EU) 909/2014, and**

**(iii) on all other strategic issues that, by law or regulation, should be discussed in the User Committee.**

2.2. The User Committee may submit to the Board non-binding opinions on pricing structure and on significant priorities concerning service enhancements and/or harmonisation practices to better serve the Portuguese market.

2.3. The User Committee shall provide advice in the interest of the sound and efficient management of the Core Services and shall promote strategic market-wide views.

2.4. Decisions concerning daily management of the Core Services shall not be subject to any scrutiny by the User Committee.

# KPIs operacionais

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# Operational KPIs

Green - within objective
Amber - minor deviation from objective
Red - below objective
Not started

Objective	KPI	Date of Evidence				
		Nov-23	Dec-23	Jan-24	Feb-24	Mar-24
Registration of securities in the centralized system	5 working days to register the issue	Nov-23	Dec-23	Jan-24	Feb-24	Mar-24
ISIN codification	4 working days to assign ISIN, CFI and FISN codes	Nov-23	Dec-23	Jan-24	Feb-24	Mar-24
Shareholder identification	4 business days, after the reference date, to provide information	Nov-23	Dec-23	Jan-24	Feb-24	Mar-24
Compulsory acquisition	3 business days to notify, 10 business days to transfer	Nov-23	Dec-23	Jan-24	Feb-24	Mar-24
Corporate Actions	Number of breaches reported to risk and compliance	Nov-23	Dec-23	Jan-24	Feb-24	Mar-24
Target2-Securities	As per T2S monthly Service Levels report	Nov-23	Dec-23	Jan-24	Feb-24	Mar-24
Vault	Compliance with rulebook deadlines	Nov-23	Dec-23	Jan-24	Feb-24	Mar-24
Reconciliation	No discrepancy between the issuance, participants and T2S accounts	Nov-23	Dec-23	Jan-24	Feb-24	Mar-24
	Undue creation and undue deletion of securities < 5	Nov-23	Dec-23	Jan-24	Feb-24	Mar-24
Business Continuity Plan (BCP)	Training, compliance test, BCP test, update at least once a year	Nov-23	Dec-23	Jan-24	Feb-24	Mar-24

# Operational KPIs

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Objective	KPI	Date of Evidence				
		Nov-23	Dec-23	Jan-24	Feb-24	Mar-24
Availability of the Real Time Settlement System (SLRT)	99,5% of availability – annual average	Nov-23	Dec-23	Jan-24	Feb-24	Mar-24
STD availability	99,5% availability - annual average.	Nov-23	Dec-23	Jan-24	Feb-24	Mar-24
Centralised System availability	99,5% of availability - annual average	Nov-23	Dec-23	Jan-24	Feb-24	Mar-24
ES-PTO Network availability	Yearly average availability of 99,5%	Nov-23	Dec-23	Jan-24	Feb-24	Mar-24
SWIFT Network availability	99,9% availability - annual average	Nov-23	Dec-23	Jan-24	Feb-24	Mar-24
Logical Security	Identity and Access Management / Automatic vulnerability tests performed weekly	Nov-23	Dec-23	Jan-24	Feb-24	Mar-24
Physical Security	Risk area produces report and action plan if the risk is considered Medium/High	Nov-23	Dec-23	Jan-24	Feb-24	Mar-24
Key clients	Risk area produces report and action plan if the risk is considered Medium/High	Annual Evidence - Jan 24				
Critical Service Providers	Risk area produces report and action plan if the risk is considered Medium/High	Annual Evidence - Jan 24				
Human Resources	Annual plan defined for each employee according to the strategy	Annual Evidence - Jan 24				

# Projetos

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# Projects 2024/2025

## Global



Project name	Delivery
• Common CA platform Phase 1b/1c	Jun/Nov 2024*
• Common Billing System	2024**
• Data Services expansion	2024/2025
• Common CA platform Phase 2+3	2025

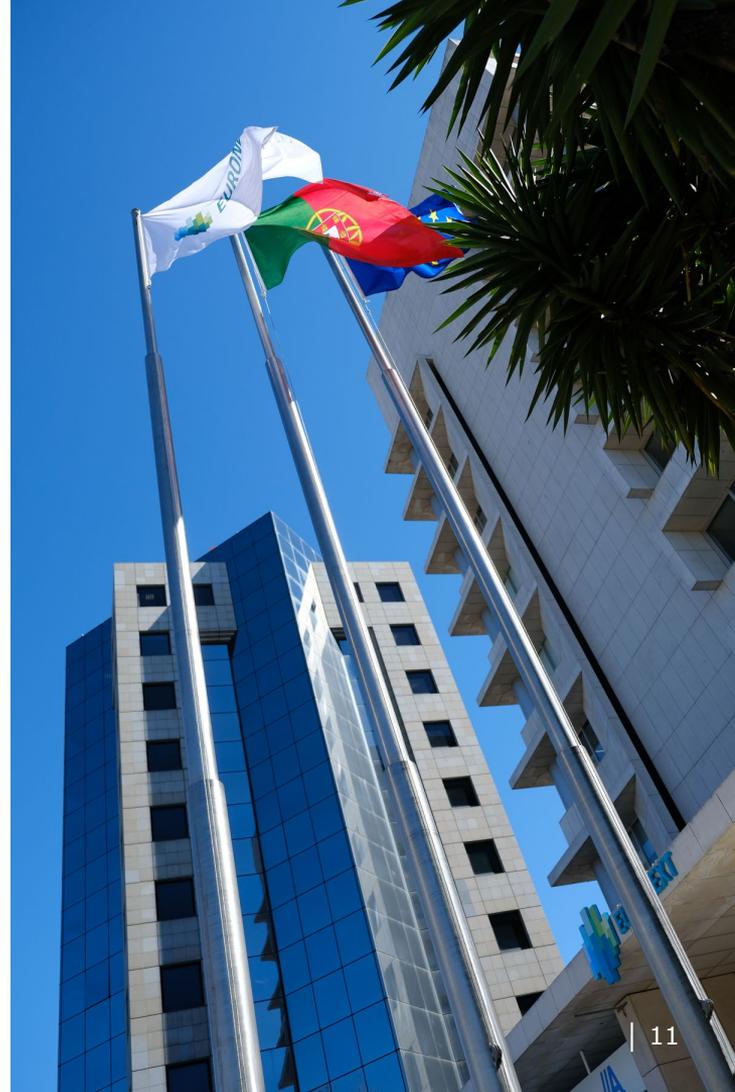
\* MVP Debt instruments live in PTO - 8 April 2024

\*\* PTO & CPH live - Nov-2023 & Jan-2024

## Local



Project name	Delivery
• ECMS - Eurosystem Collateral Management System	Nov-24 (Apr-23)
• T2S 2024 - June Release	Jun-24
• CSDR (Art 19) – CCP Collection/Distribution	Sep-24
• T2S 2024 November Release	Nov-24
• SWIFT Standard release 2024	Nov-24



# Euronext Securities Common Corporate Action Platform

## Euronext is deploying a common harmonised platform for Corporate Actions across CSDs

The platform will meet market need for efficient, consistent and harmonised processes across markets and supporting more automated CA processing. The platform ensures compliance with CA standards, including SCoRE and supporting eligibility in the Eurosystem.

### Benefits



#### Services and processes

- Harmonised services across markets
- Harmonised business processes
- Efficient and standardised access to multiple markets
- Closer alignment with international CA & ISO standards
- Supporting both local and global financial intermediaries
- Increased Straight-Through Processing, allowing for more automation
- More transparency with broader, common scope of ISO messaging



#### Technology

- Harmonised common cross-Market Corporate Action Platform
- State of the art platform and architecture
- High degree of flexibility
- Enabling innovation and shorter time to market for new services
- Harmonised communication in ISO20022, ISO15022 formats; maintain support for local reporting formats.

### ECMS

The Eurosystem Collateral Management System (ECMS) is a unified system for managing collateral, with expected launch November 2024.

### SCoRE

Complying with the SCoRE standards is a prerequisite for operating in the ECMS system. The SCoRE standards sets a new set of rules and standards for Billing, Corporate actions and Triparty collateral.

# Porto: Client Benefits

## Phase 1: (Debt Securities)

- ✓ New CA event types and events with options for debt instruments.
- ✓ New Web interfaces, for debt instruments, with new and enriched features for Participants and Issuer / Paying agents.

## Phase 2: (All Asset Classes)

- ✓ Enhancement of the new Web interfaces, for all securities, with new and enriched features for Participants and Issuer / Paying agents.
- ✓ More flexibility and faster time-to-market for implementation of new CA events and standards.

## Changes that will occur across Phase 1 and 2, applicable to asset types in scope of each phase

- ✓ ISO communication for CA messages across CA types and markets for Participants and issuer/paying agent, complying with standards.

- For Example -

- ✓ Harmonization of CA processes towards CA standards, reducing differences in CA processing across markets.

- *Sending Entitlements Notifications (REPE) for all mandatory events to align with standards*
- *Sending MT566 for Market claims to participants*
- *Implementation of Movement Preliminary Advice and Movement Preliminary Advice Cancellation*
- *Implementation of CA Event Processing Status Advice*

- Aligning CA processes across European CSDs (broader than across Euronext markets)

- *Simultaneous settlement of securities and cash*
- *Corporate Actions settlement possible in the T2S NTS*

- Streamlining processes, which reduce operational workload, risk and changes due to projects

- *Implementation of new CA events in line with standards, which are handled today manually as Capitalisation, Change and Maturity Extension*

- ✓ Automated notification in case of delays in execution of a Corporate Action cash payment for All asset classes.
- ✓ Reversals of Corporate Action via a standard process for All asset classes.

# CA4U Phase 1 scope

		ES-CPH
<b>Ph. 1a scope</b> <b>Apr 8, 2024</b>	<ul style="list-style-type: none"> <li>Interest (INTR)</li> <li>Redemption (REDM, MCAL, PRED)</li> <li>Cancellation</li> <li>Market claim and transformation</li> <li>PARI and CONV</li> </ul>	
<b>Ph. 1b scope</b> <b>Jun 17, 2024</b>	<p><b>*Additional functionalities :</b></p> <ul style="list-style-type: none"> <li>Interest (INTR)</li> <li>Redemption (REDM, MCAL, PRED)</li> <li>Cancellation</li> <li>Market claim and transformation</li> <li>PARI and CONV</li> </ul>	<ul style="list-style-type: none"> <li>Interest (INTR)</li> <li>Redemption (REDM, MCAL, PCAL)</li> <li>Cancellation</li> <li>Market claim and transformation</li> </ul>
<b>Ph. 1c scope</b> <b>Nov 18, 2024</b>	<ul style="list-style-type: none"> <li>Processing status</li> <li>Reversal</li> <li>Additional event types:               <ul style="list-style-type: none"> <li>CHAN + EXTM</li> <li>WRTH, INCR, BRUP, CAPI, OTHR + VOLU: TEND, BIDS, BPUT, EXOF</li> </ul> </li> </ul> <p><b>Additional deliveries (not included in CA4U):</b></p> <ul style="list-style-type: none"> <li>SR24 and T2S 8.2</li> </ul>	<ul style="list-style-type: none"> <li>Processing status</li> <li>Reversal</li> <li>Additional event types (Ad hoc):               <ul style="list-style-type: none"> <li>CHAN + EXTM</li> </ul> </li> </ul> <p><b>Additional deliveries (not included in CA4U):</b></p> <ul style="list-style-type: none"> <li>SR24 and T2S 8.2</li> <li>DKK Target subscription</li> </ul>
<b>Ph. 2 scope</b> <b>Mid-2025</b>		<ul style="list-style-type: none"> <li>Ad hoc (PINK, LIQU, PARI, WRTH, BONU)</li> </ul>

# Billing Platform

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# New billing platform

## Launch from December 2023

Euronext Securities launched a new platform to issue invoices for our clients from early December 2023 and onwards. This is driven by the desire improve the service to our clients and ensure early compliance with the SCoRE standards.

We have put significant effort into our new billing platform – both to quality control and to make the transition as seamless as possible for our clients.

## Changes for Euronext Securities clients...

Changes for our clients

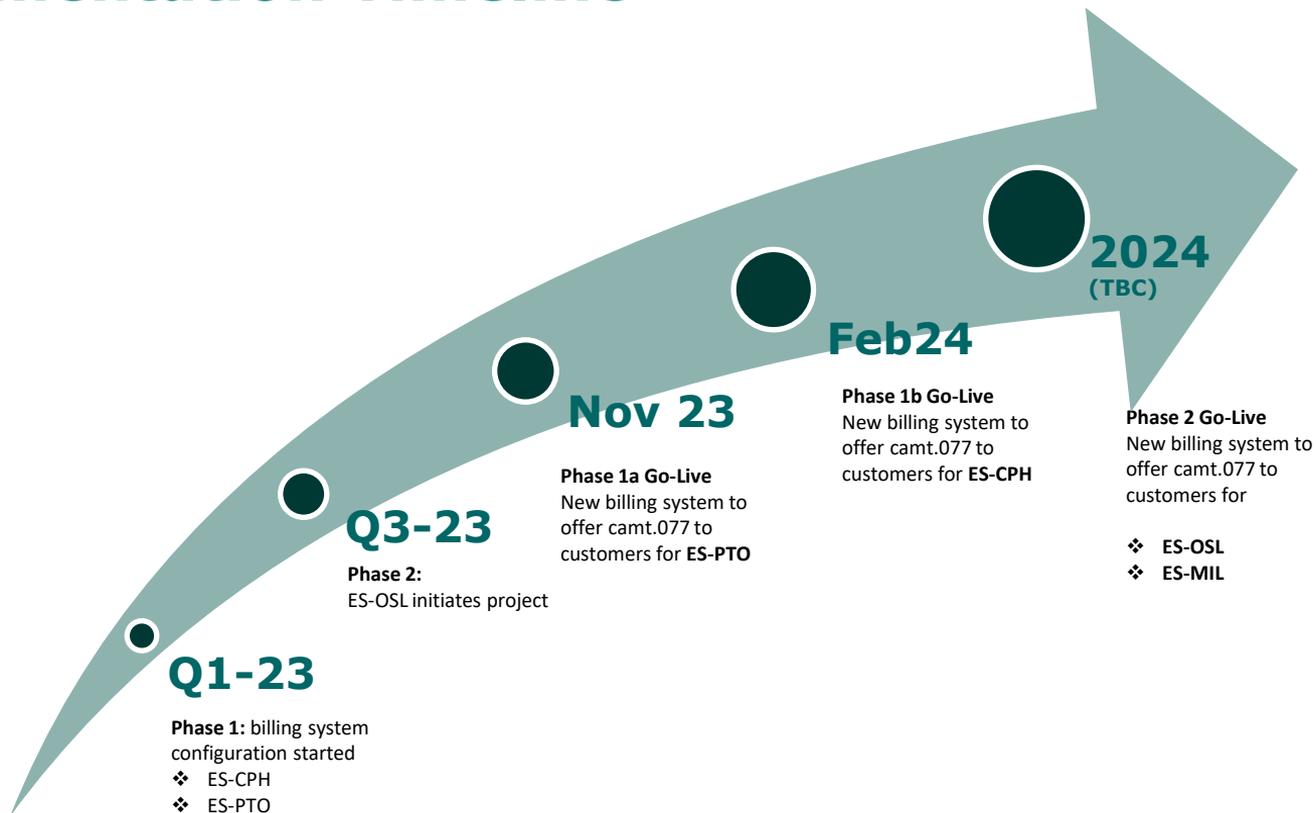
- Look & feel of our invoices will change slightly – content will remain the same
- All invoices will be sent out electronically (pdf-files)
- Supporting data file will have new format and will be distributed with invoice

## ...and new features

The platform will also allow Euronext to offer new features, e.g.

- Delivery of invoice data in CAMT.077 format (XML)

# Implementation Timeline



# **Tendências de Mercado:** **Ciclo de Liquidação em T+1**

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# Estudo sobre barreiras fiscais

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# Estudo sobre barreiras fiscais

- A Euronext Securities Porto vai lançar um estudo com o objetivo de identificar as Barreiras Fiscais existentes no mercado nacional e as melhores práticas em outras jurisdições europeias.
- Atuará como facilitador nas discussões, com os intervenientes do mercado, sobre as barreiras fiscais (em particular, retenção na fonte)



- A Euronext espera, no final do estudo, identificar medidas que possam melhorar a eficiência do mercado, permitindo aos intervenientes do mercado se posicionarem de forma mais competitiva no cenário europeu.

# Quadro regulatório:

## *Digital Operational Resilience Act (DORA)*

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# DORA: Let's Explore Together

What is the Digital Operational Resilience Act (DORA) ?



DORA has two main objectives:

- **comprehensively address Information and Communication Technology (ICT) Risk Management** in the **financial services** sector, and
- **harmonise the ICT Risk Management regulations** that already exist in individual EU member states.



- Prior to DORA, Risk Management regulation for financial institutions in the EU primarily focused on ensuring firms have enough capital to cover losses from operational risks.
- DORA aims to establish **a universal framework for managing and mitigating ICT risk in the financial sector**. By harmonising risk management rules across the EU, **removing gaps, overlaps, and conflicts that arise between disparate regulations in different EU states**.

## Three European Supervisory Authorities

- European Banking Authority (EBA),
- European Insurance and Occupational Pensions Authority (EIOPA),
- European Securities and Markets Authority (ESMA)

are preparing a set of policy products to enable the application of DORA.

## Legislative timeline of DORA



# DORA 5 Core Pillars

Introduction of requirements based on 5 pillars  
Transverse impacts across the Group:



## ICT Risk Management

- Implementation of an ICT Risk Management Framework to set up and maintain resilient ICT systems and tools
- Prevention & Detection of ICT risks
- Continuity and efficient restoration



## ICT-related Incident reporting

- Definition, establishment and implementation of a management process to detect, manage and notify ICT related incidents
- Incident Classification
- Incident Reporting



## Digital Operational Resilience Testing

- Design and maintenance of a comprehensive Digital Operational Testing Program
- Tests on ICT systems and tools including designing the conditions for intervention of independent parties
- Risk-based approach for test



## ICT Third Party Risks

- Management of Third Party Providers from contracting to termination and post contractual stages
- Framework for ICT Third Party risks



## Information Sharing Arrangements

- Encouragement to share information on cyber threats to strengthen digital resilience and reduce ICT related risks

# DORA Programme structure

## Program Sponsors

Program Management

PMO Transversal Coordination

DORA external expert(s)

BU Transversal streams

Risk and BCM

Compliance

Internal Control

Legal, Regulation and Gov. Affairs

Finance and Procurement

Infosec and IT

Program streams and Lead

**#1 ICT Risk Management**

Stream Lead  
*Risk*

**#2 ICT-related incident management, classification and reporting**

Stream Lead  
IT

**#3 Digital Operational Resilience Testing**

Stream Lead  
BCM / IT / InfoSec

**#4 ICT Third Party Risk Management**

Stream Lead  
Finance / IT

**#5 Information Sharing**

Stream Lead  
InfoSec

BCM Managers

CTOs

