

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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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

Operational KPIs

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

| Objective | KPI | Date of Evidence | | | | |
|--|--|------------------|--------|--------|--------|--------|
| 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

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

| Objective | KPI | Date of Evidence | | | | |
|--|---|--------------------------|--------|--------|--------|--------|
| 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

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

Ph. 1a scope Apr 8, 2024

- Interest (INTR)
- Redemption (REDM, MCAL, PRED)
- Cancellation
- Market claim and transformation
- PARI and CONV

Ph. 1b scope Jun 17, 2024

*Additional functionalities :

- Interest (INTR)
- Redemption (REDM, MCAL, PRED)
- Cancellation
- Market claim and transformation
- PARI and CONV

Ph. 1c scope Nov 18, 2024

- Processing status
- Reversal
- Additional event types:
 - CHAN + EXTM
 - WRTH, INCR, BRUP, CAPI, OTHR + VOLU: TEND, BIDS, BPUT, EXOF
- Additional deliveries (not included in CA4U):**
 - SR24 and T2S 8.2

Ph. 2 scope Mid-2025

ES-CPH

- Interest (INTR)
- Redemption (REDM, MCAL, PCAL)
- Cancellation
- Market claim and transformation
- Negative Interest
- Unamortisable bonds

- Processing status
- Reversal
- Additional event types (Ad hoc):
 - CHAN + EXTM

Additional deliveries (not included in CA4U):

- SR24 and T2S 8.2
- DKK Target subscription

- Ad hoc (PINK, LIQU, PARI, WRTH, BONU)

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

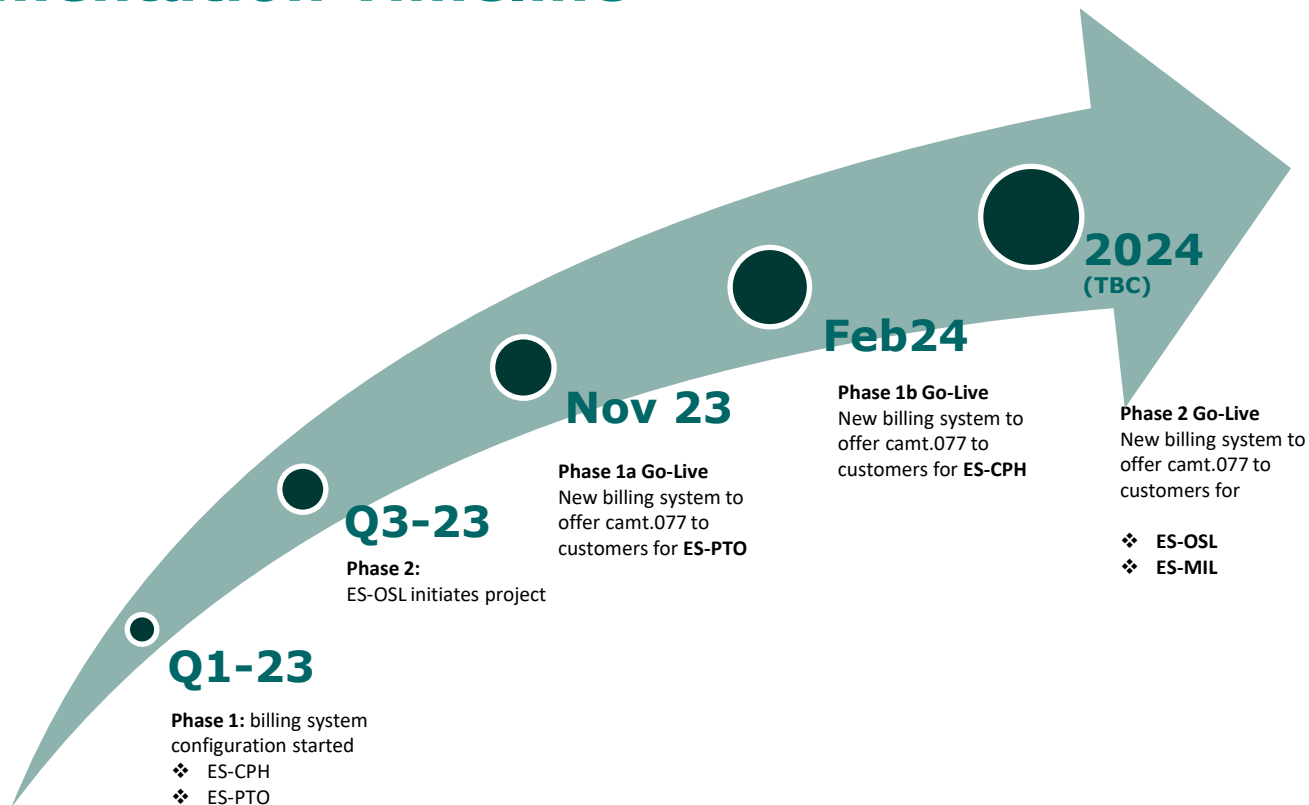
- Look & feel of our invoices will change slightly – content will remain the same
- All invoices will be sent out electronically (pdf-files)
- Supporting data file will have new format and will be distributed with invoice

...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

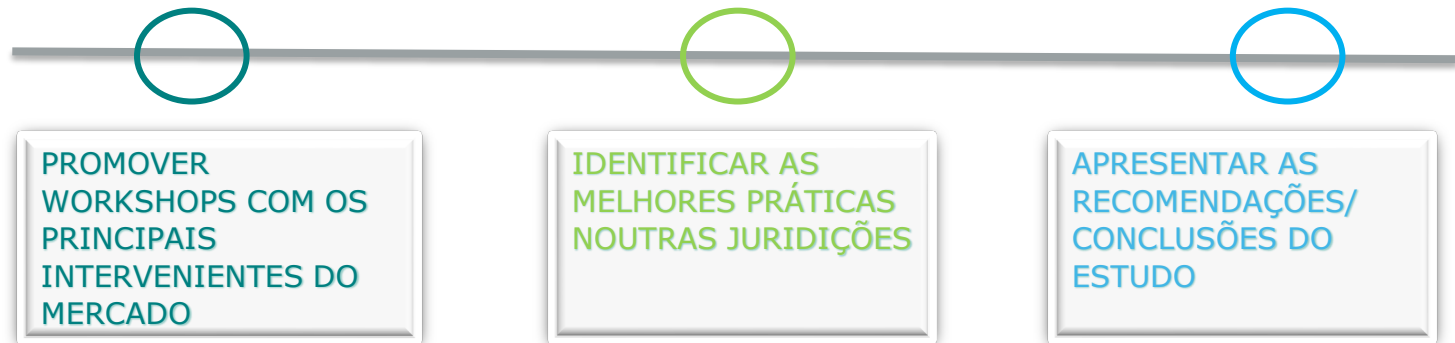


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Estudo sobre barreiras fiscais

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

