

PUBLIC

Minutes of a Meeting of the UK User Committee of Euroclear UK & Ireland ("UK UC" or the "Committee") held on 23 April 2018 at 14:00 pm

Present: Marye Humphery (MH); David Berry (DB); David Daniell (DB); David Gaselee (DG); Jason Phillips (JPh); Judy Price (JPr); Mark Louis (ML); Tony Jones; Michael Kempe (MK); Philippe Castelanelli (PC); Richard Barrett (RB)

Apologies: Richard Barber; Bruce Kellaway.

In attendance: John Trundle (JT); Holly Fergusson (HF); Paul Miles (PM); Jennifer Parker (JP) (Secretary); Charles Pugh (CP); and Christopher Twemlow (CT)

1. Welcome by the Chair

Marye Humphery, the Committee Chair welcomed all attendees and declared the meeting open.

2. Approval of minutes of meetings held on 21 December 2017 and Matters Arising

The User Committee **approved** the minutes of the Committee meeting of 21 December 2017 as presented. The Committee was reminded that as part of the CSDR requirements minutes would be made publically available via the Euroclear website, subject to confidential redaction as required.

ACTION: Co-Sec would seek "negative" approval for publishing redacted minutes subject to confidentiality as required.

3. Post Brexit CSD and Settlement arrangements - update

The Committee was updated on Irish Securities Settlement post Brexit. The Committee noted that, following discussions with the Central Bank of Ireland and the Bank of England, Euroclear's work on the proposed settlement model for Ireland had stopped. Committee members expressed disappointment that work had ceased on the proposed settlement model for Ireland and several members noted that they would support its revival, should the current context change. It was further noted that, if permitted to do so, and in particular if a suitable transition agreement was entered into between the UK and the EU, EUI expected to continue to offer its existing settlement services in Ireland until the end of the transition period (end 2020).

The Committee noted that an ad-hoc Irish User Committee had recently taken place to discuss the cessation of work on the proposed model in the light of regulatory feedback and to consider alternatives. Members of the Committee expressed concern over the level of uncertainty faced by the Irish market and Irish securities settlement more generally. The Committee was informed that Euroclear intended to continue to participate in finding a solution for the Irish market, although it would not lead such discussions and expected leadership to come from the market.

4. CEO update on recent system performance and relevant audit findings

The Committee was provided with an update on systems performance and noted that, for the 3 months ended 31 March 2018, system uptime was at 100%. There had been no system issues in the period and 8 extensions to benchmark diary events, all at participant request.

The Committee was informed that Euroclear was devising a common approach to report audit findings to the User Committees, as required by CSDR. An update would be presented at the next meeting.

ACTION: Mr Zapita (Chief Internal Auditor).

Mr Trundle informed the Committee that Mr Miles was now the Company's Chief Business Officer. The Committee acknowledged that business development had been postponed due to EUI's focus on CSDR. However, EUI hoped to resume market consultations in early 2019.

5. GDPR – Project Update

The Committee was reminded that GDPR was coming into force on 25 May 2018. Mr Miles updated the Committee on EUI's change programme to meet GDPR requirements and the Committee noted that market consultations on the required changes to the CREST terms and conditions for a) personal members and b) CREST corporate members were taking place.

The Committee members noted that they were starting to receive due diligence questions from their underlying clients/suppliers regarding EUI's compliance with GDPR. Mr Miles proposed that all questions received should be directed to Euroclear.

ACTION: ALL to send questions received from their clients/suppliers surrounding GDPR and Euroclear to CT/PM directly.

ACTION: Mr Miles to consider need to develop FAQ document to respond to market queries regarding Euroclear's approach to GDPR.

Committee members asked for Euroclear's views on how to manage subject access requests (SARs).

ACTION: Mr Miles to consider whether EUI needed to develop a process to manage SARs. [Post meeting note: the contact point would be EUI Compliance].

6. AOB

6.1. CSDR – USD Update

The Committee was informed that launch of EUI's USD service had been delayed, pending certain regulatory approvals. Re-testing was now planned to take place in May and contract discussions were ongoing with the settlement banks. EUI hoped to be in a position to confirm the proposed launch date at the next meeting. The Committee highlighted the importance of maintaining the momentum.

6.2. Proposed Agenda Items

The Committee discussed and proposed the following topics for future meetings:

- Audit Findings - User Committee - CSDR requirement
- Brexit - Irish CSD and Settlement Arrangements updates
- CSDR updates
- User group suggestions for future agenda items (topic to be led by user committee members):
 - Dematerialisation - Michael Kempe
 - Payment process for special administrators - David Gaselee
 - BoE - RTGS replacement project
 - Update on Funds
 - Voting arrangements within CREST

Next meeting dates:

26 June 2018 (changed from 18 June 2018)
8 October 2018
3 December 2018

There being no further business, the Chair declared the meeting closed.



Signed: Marye Humphery