

PUBLIC

Minutes of a Meeting of the UK User Committee of Euroclear UK & Ireland ("UK UC" or the "Committee") held on 26 June 2018 at 14:00 pm

- Present: Marye Humphery (MH); Philippe Castelanelli (PC, by phone); David Gaselee (DG); Tony Jones (TJ); Bruce Kellaway (BK); Michael Kempe (MK); Mark Louis (ML); and Jason Phillips (JPh)
- Apologies: Richard Barber (RB); Richard Barrett (RBa); Peter Stewart (PS); David Berry (DB); David Daniell (DD); and Judy Price (JPr).
- In attendance: John Trundle (JT); Paul Miles (PM); Charles Pugh (CP); Christopher Twemlow (CT); Eric Zapita (EZ); Jennifer Parker (JP); John Clayton (JC); Holly Fergusson (HF); Sara Ward (Bank of England) (item 7) and Ana Lasaosa, (Bank of England) (item 7)

1. Welcome by the Chair

Marye Humphery, the Committee Chair welcomed all attendees and declared the meeting open. MH gave an update to the Committee on the recent meeting of the group X-MAC.

2. Approval of minutes of meetings held on 23 April 2018 and Matters Arising

The User Committee **approved** the minutes of the Committee meeting of 23 April 2018 subject to minor amendments to the section on Post Brexit CSD and settlement arrangements to record that Committee members had expressed disappointment that work had ceased on the previously proposed settlement model for Ireland and several members noted that they would support its revival, should the current context change.

3. Correction to Terms of Reference (ToR)

Ms Parker advised the Committee of the proposed correction to the ToR, noting the change was purely to align the numbering. The Committee noted and agreed the correction.

4. Post Brexit CSD and Settlement arrangements – update

Mr. Twemlow provided an update to the Committee on the likely settlement arrangements for Irish securities and for Euro settlement following Brexit. It was noted that EUI intended to continue to provide settlement services to Ireland after 29 March 2019, subject to a satisfactory transition agreement being reached and/or EUI being permitted to do so by the relevant authorities. This was necessarily a short term position with a likely end date no later than December 2020.

Mr Twemlow updated the Committee on EUI's discussions with the relevant authorities. He acknowledged the market's need for more information and confirmed that EUI would publish a consultation paper during the summer.

The Committee once again expressed concerns over the current lack of clarity on a proposed long term solution for Irish securities settlement. The Committee acknowledged the political uncertainty surrounding Brexit and recognised that, given the ongoing negotiations, it was unlikely that certainty on the longer term model could be reached in the near future.

The Committee reiterated its disappointment that the settlement model for Ireland previously proposed by EUI had not met with regulatory approval.

5. CEO Update on recent system performance

The CEO Update report was taken as read and noted by the Committee.

Mr Trundle highlighted that EUI's system availability was 99.96% year-to-date, above the 99.80% target, and that settlement completion remained at 100%. He also noted a recent funds outage as set out in the report and provided an overview of the incident.

Mr Trundle provided an update on the proposed USD service and confirmed that the target launch date was 1 October 2018. He noted that the USD settlement arrangements had been discussed extensively at the Settlement Bank Committee and all settlement banks had confirmed orally their readiness to sign the relevant agreements. He confirmed that the approval process with the Federal Reserve Bank of New York was ongoing and progressing well.

6. Audit Findings – User Committee – CSDR requirement

Mr Zapita (Chief Internal Auditor) provided the Committee with an update on audit findings relevant to the EUI UK User Committee as required by CSDR Article 52. He reported that one recent audit report required disclosure to the Committee, namely an audit report published in March 2018 on the EUI Restructuring, Recovery and Orderly Wind-Down Plan. The audit report carried a rating of “corrective action needed”, but noted a “good awareness” level from management of the need to extend the plan dealing with these very extreme events. Mr Zapita provided an overview of the two audit findings and the actions being taken in response.

The Committee noted the CSDR requirement and asked if it could receive a copy of EUI's audit plan. Ms Parker replied that the requirement to disclose audit findings related to findings on those matters which fell within the mandate of the User Committee.

ACTION: Mr Zapita to provide an overview of those audits which Internal Audit expected to fall within scope of the CSDR requirement to share relevant findings with the User Committees.

7. BoE – RTGS Renewal/Replacement Programme Update

Sara Ward, (Bank of England) and Ana Lasasoa, (Bank of England) joined the meeting.

Ms Ward and Ms Lasasoa presented the BoE RTGS Renewal/Replacement Programme update to the Committee. Areas surrounding the RTGS Renewal Programme, Global Liquidity Management, ISO 20022 and the BoE Consultation were discussed in detail.

The Committee thanked the BoE for the update and Ms Parker **agreed** to circulate the presentation slides to the Committee following the meeting (done).

8. CSDR Update

Mr Pugh provided the Committee with an update on the progress of EUI's CSDR application.

Supporting slides were tabled at the meeting and Ms Parker **agreed** to circulate the slides to the Committee following the meeting (done).

9. AOB

9.1. Proposed Agenda Items

The Committee noted the following topics which had been proposed as potential topics for consideration at future meetings:

- User group needs for future (one topic to be led by User Committee members): Proposed topic: DMAT - Michael Kempe
- Payment process for special administrators - David Gaselee
- BoE - RTGS replacement project (presentation received 26 June 2018)
- Update on Funds
- Voting arrangements within CREST

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


Signed: Marye Humphery