T2S Final Wave – Iberclear:
Functional modifications and migration procedures

Further to the pre-announcement [D17030](#) dated 5 May 2017, Clearstream Banking AG, Frankfurt[1] informs customers about the scheduled functional changes related to the use of Party Levels as well as the measures and timeline for the migration of Iberclear, the Spanish CSD (central securities depository), to TARGET2-Securities with the T2S Final Wave on

18 September 2017.

Also, CBF would like to confirm that any other modifications that were announced earlier have meanwhile been validated with Iberclear. These changes shall be taken into account for the upcoming T2S Final Wave Business Day testing stage and later on in production.

This announcement outlines

- The future use of Party Levels with Iberclear;
- The current plan for the T2S Final Wave migration procedures covering an indicative timeline;
- The CBF customer communication plan.

Use of Party Levels with Iberclear

In cross-border instructions with Iberclear, customers must always address the Spanish participant with its T2S Party BIC in Party Level 1 (P1). If a specific account shall be addressed, the respective T2S Securities Account (SAC) must additionally be provided in P1. If a special account is addressed in P1, the proprietary SAC of the beneficiary must additionally be provided in Party Level 2 (P2).

In realignment instructions in Spanish securities with Clearstream Banking S.A., Luxembourg (CBL), customers are requested to settle against BBVA Madrid (as CBL's depository) in T2S and must therefore include the following party information:

- GUT (REAG):   IBRCESMMXXX
- P1 (REI1):   BBVAESMMXXX
- P2 (REI2):   BIC CEDELULLXXX[2]
- P3 (RECU):   BIC CEDELULLXXX
- P4 (BUYR):   DSS CEDE/xxxxx (CBFi 6-series account)

Additionally, CBF recommends the usage of a Common Trade Reference (:20::COMM or <CmonId>COMM</CmonId>) as optional matching criterion. Please consider, that only the Party Levels 1 and 2 are matching relevant settlement parties. The usage of the optional matching criterion lowers the risk of mismatching. Please note that this reference is requested to be agreed between the counterparties. This approach is also applicable for realignment instructions. That means especially for transfers between CBF and CBL the same Common Trade Reference should be used.

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[1] This announcement is published by Clearstream Banking AG (CBF), registered office at Mergenthalerallee 61, 65760 Eschborn, Germany, registered with the Commercial Register of the District Court in Frankfurt am Main, Germany, under number HRB 7500.
[2] The identical information in P2 and P3 is requested to be provided upon request of BBVA Madrid

On the following pages, examples on how to provide the different Party Levels in settlement messages in ICP and DCP mode can be found.

ICP mode: ISO 15022 settlement messages

MT542/543: Delivery to an Iberclear participant – Using one Party Level	
FIAC SAFE	:97A::SAFE//7777000 (CBF customer account)
REAG	:95P::REAG//IBRCESMMXXX (Iberclear BIC) :97A::SAFE//4710000 (Iberclear Counterparty CSD Account – optional)
BUYR	:95P::BUYR//BANKESMMXXX (Iberclear participant BIC) :97A::SAFE//IBRCBANKESMMXXX000000001OMEX0000001 (Iberclear participant SAC[3])

MT542/543: Delivery to a beneficiary in Iberclear – Using a further Party Level	
FIAC SAFE	:97A::SAFE//7777000 (CBF customer account)
REAG	:95P::REAG//IBRCESMMXXX (Iberclear BIC) :97A: :SAFE//4710000 (Iberclear Counterparty CSD Account)
RECU	:95P::RECU//BANKESMMXXX (Iberclear participant BIC) :97A::SAFE//IBRCBANKESMMXXX000000001OMEX0000001 (Iberclear participant SAC[4])
BUYR	:95P::BUYR//BANKESAAXXX (Iberclear beneficiary BIC) or :95R::BUYR/IBRC/IBRCBENEESMMXXX000000001OMEX0000001 (Iberclear beneficiary SAC) or :95Q::BUYR//Name and Address, NIF, CIF, etc (Iberclear beneficiary information)

MT542/543: Realignment with CBFi 6-series account	
FIAC SAFE	:97A::SAFE//7777000 (CBF customer account)
REAG	:95P::REAG//IBRCESMMXXX (Iberclear BIC) :97A::SAFE//4710000 (Iberclear Counterparty CSD Account)
REI1	:95P::REI1//BBVAESMMXXX (BBVA Madrid BIC – CBL's depository)
REI2	:95P::REI2//CEDELULLXXX (CBL BIC)
RECU	:95P::REI2//CEDELULLXXX (CBL BIC)
BUYR	:95R::BUYR/CEDE/67777 (CBL participant CBFi 6-series account)

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[3] Normal account – optional
[4] Special account – mandatory

DCP mode: ISO 20022 settlement messages

	sese.023 DELI: Delivery to an Iberclear participant – Using one Party Level

QtyAndAcctDtls	`<QtyAndAcctDtls>`
	…
	`<SfkpgAcct>`
	`<Id>DAKV7777000</Id>` (CBF customer SAC)
	`</SfkpgAcct>`
	…
	`</QtyAndAcctDtls>`

DlvrgSttlmPties[5]	`<DlvrgSttlmPties>`
	`<Dpstry>`
	`<Id>`
	`<AnyBIC>DAKVDEFFXXX</AnyBIC>` (CBF BIC)
	`</Id>`
	`<Pty1>`
	`<Id>`
	`<AnyBIC>BANKDEFFXXX</AnyBIC>` (CBF customer BIC)
	`</Id>`
	`<SfkpgAcct>`
	`<Id>DAKV7777000</Id>` (CBF customer SAC)
	`</SfkpgAcct>`
	`</Pty1>`
	`</DlvrgSttlmPties>`

RcvgSttlmPties	`<RcvgSttlmPties>`
	`<Dpstry>`
	`<Id>`
	`<AnyBIC>IBRCESMMXXX</AnyBIC>` (Iberclear BIC)
	`</Id>`
	`<Pty1>`
	`<Id>`
	`<AnyBIC>BANKESMMXXX</AnyBIC>` (Iberclear participant BIC)
	`</Id>`
	`<SfkpgAcct>`
	`<Id>IBRCBANKESMMXXX0000000001OMEX0000001</Id>` (Iberclear participant SAC[6])
	`</SfkpgAcct>`
	`</Pty1>`
	`</RcvgSttlmPties>`

[5] Sequence is optional in DELI instructions
[6] Normal account – optional

	sese.023 DELI: Delivery to a final beneficiary in Iberclear – Using a further Party Level
QtyAndAcctDtls	<QtyAndAcctDtls> … <SfkpgAcct> <Id>DAKV7777000</Id> (CBF customer SAC) </SfkpgAcct> … </QtyAndAcctDtls>
DlvrgSttlmPties[7]	<DlvrgSttlmPties> <Dpstry> <Id> <AnyBIC>DAKVDEFFXXX</AnyBIC> (CBF BIC) </Id> <Pty1> <Id> <AnyBIC>BANKDEFFXXX</AnyBIC> (CBF customer BIC) </Id> <SfkpgAcct> <Id>DAKV7777000</Id> (CBF customer SAC) </SfkpgAcct> </Pty1> </DlvrgSttlmPties>
RcvgSttlmPties	<RcvgSttlmPties> <Dpstry> <Id> <AnyBIC>IBRCESMMXXX</AnyBIC> (Iberclear BIC) </Id> <Pty1> <Id> <AnyBIC>BANKESMMXXX</AnyBIC> (Iberclear participant BIC) </Id> <SfkpgAcct> <Id>IBRCBANKESMMXXX0000000001OMEX0000001</Id> (Iberclear participant SAC[8]) </SfkpgAcct> </Pty1> <Pty2> <Id> <AnyBIC>BANCESAAXXX</AnyBIC> </Id> </Pty2> or <Pty2> <Id> <PrtryId> <Id>BANKACCOUNT IN IBERCLEAR</Id> <Issr>IBRC</Issr> </PrtryId> </Id> </Pty2> or <Pty2> <Id> <NmAndAdr> <Nm>NAME UND ADRESSE</Nm> </NmAndAdr> </Id> </Pty2>

[7] Sequence is optional in DELI instructions
[8] Special account – mandatory

	sese.023 DELI: Realignment via CBFi 6-series account

QtyAndAcctDtls	`<QtyAndAcctDtls>`
	`...`
	`<SfkpgAcct>`
	`<Id>DAKV7777000</Id>` (CBF customer SAC)
	`</SfkpgAcct>`
	`...`
	`</QtyAndAcctDtls>`

DlvrgSttlmPties[9]	`<DlvrgSttlmPties>`
	`<Dpstry>`
	`<Id>`
	`<AnyBIC>DAKVDEFFXXX</AnyBIC>` (CBF BIC)
	`</Id>`
	`<Pty1>`
	`<Id>`
	`<AnyBIC>BANKDEFFXXX</AnyBIC>` (CBF customer BIC)
	`</Id>`
	`<SfkpgAcct>`
	`<Id>DAKV7777000</Id>` (CBF customer SAC)
	`</SfkpgAcct>`
	`</Pty1>`
	`</DlvrgSttlmPties>`

RcvgSttlmPties	`<RcvgSttlmPties>`
	`<Dpstry>`
	`<Id>`
	`<AnyBIC>IBRCESMMXXX</AnyBIC>` (Iberclear BIC)
	`</Id>`
	`<Pty1>`
	`<Id>`
	`<AnyBIC>BBVAESMMXXX</AnyBIC>` (BBVA Madrid BIC – CBL's depository)
	`</Id>`
	`</Pty1>`
	`<Pty2>`
	`<Id>`
	`<AnyBIC>CEDELULLXXX</AnyBIC>` (CBL BIC)
	`</Id>`
	`</Pty2>`
	`<Pty3>`
	`<Id>`
	`<AnyBIC>CEDELULLXXX</AnyBIC>` (CBL BIC)
	`</Id>`
	`</Pty3>`
	`<Pty4>`
	`<PrtryId>`
	`<Id>67777</Id>` (CBL participant CBFi 6-series account)
	`<Issr>CEDE</Issr>`
	`</PrtryId>`
	`</Pty4>`
	`</RcvgSttlmPties>`

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[9] Sequence is optional in DELI instructions

Current plan of T2S Final Wave migration procedures

This section provides an overview of the T2S Final Wave migration procedures. It highlights the activities

- During the preparation phase of the migration weekend (20 June – 31 August 2017);
- Prior to the migration weekend (1 September – 14 September 2017);
- During the migration weekend (15 September – 17 September 2017).

In general, CBF ensures that the impact on customers due to migration activities is minimised. An indicative timeline of the migration weekend (MIWE) outlining the changes to the CBF operational schedule is provided together with this document. The file "T2S Final Wave MIWE - Indicative Timeline" attached to this announcement covers the changes required during the MIWE in the period from Friday, 15 September 2017, 13:00, to Monday, 18 September 2017, 05:00[10]. Events and processes before and after this specific period can be considered as unchanged. CBF plans to provide a revised version of this timeline together with the "T2S Final Wave - Migration Guidelines" on 1 September 2017.

Additionally to the T2S Final Wave migration procedures, the SWIFT Maintenance Window (Allowable Downtime Window, ADW) needs to be taken into account. This window is scheduled on Saturday, 16 September 2017 between 18:00 and 20:00.

Activities during the preparation phase of the migration weekend (20 June – 31 August 2017)

CBF recommends, that customers perform a one-time reconciliation of their holdings in Spanish securities and contact CBF if they encounter any discrepancies.

Customers who will become a DCP as part of the T2S Final Wave are requested to perform their DCP setup tasks as soon as CBF has confirmed the completion of the initial DCP setup. For a list of setup tasks, please refer to the DCP Connectivity Handbook. Furthermore, CBF recommends that all new DCP customers conduct a DCP Connectivity Test.

Activities prior to the Migration Weekend (1 September – 14 September 2017)

In order to get prepared for the migration weekend, customers are requested to check if

- Pending domestic OTC instructions in Spanish securities and any cross-border instruction with Iberclear with an Intended Settlement Day (ISD) after 15 September 2017 can already be cancelled. Due to the bilateral cancellation process, customers are required to inform their counterparties to initiate their cancellation requests.

- Instructions resulting out of non-CCP stock exchange trades (LION) with an ISD before 15 September 2017 can still achieve settlement before the MIWE will start on T2S. During the MIWE, any pending LION instruction in Spanish securities will be cancelled by T2S. The cancellation process is caused by the changes in the T2S cross-border link setup. Also, Iberclear will become a T2S In-CSD and the existing T2S Out-CSD profile will be deactivated. T2S will report the cancellation with an error code starting with "MVCV". Upon message subscription, customers will receive cancellation messages in ICP and / or DCP mode. Such cancellations require additional operational procedures by the customers. The corresponding LION instruction has to be cancelled by the customers in the business days following the MIWE.

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[10] Please note that all times are given in Central European Summer Time (CEST).

Activities during the Migration Weekend (15 September – 17 September 2017)

On 15 September 2017, the Friday before the T2S Final Wave Migration Weekend, the settlement activities between CBF and Iberclear will end shortly before 14:45. The existing mirror account (4491) will be blocked for settlement with Iberclear and the settings for Iberclear as T2S Out-CSD will be deactivated in T2S. This means that no more settlement activities can be executed with the Spanish market once CBF has closed its outbound channel to Iberclear at 14:45.

On Saturday, 16 September 2017, at around 19:45, the migration synchronisation point "Point of No Return" also known as "MSP13" shall be reached. After the "Point of No Return (PoNR)" has been achieved, CBF will inform the customers whether the migration for the Spanish market was successfully conducted. Depending on the PoNR, the transition in CBF will be executed and the new account setup with Iberclear will be implemented.

This means that at CBF the existing mirror and omnibus account with Iberclear, 4491 and 2731, will be closed and the following new accounts will be activated:

- Counterparty CSD account 4710 (can be addressed with BIC "IBRCESMMXXX")

- Mirror account 4504 (opened for positions in Spanish securities for CBF customers)

- Omnibus account 4609 (opened for positions held by Iberclear)

After PoNR, once the new account structure has been established, CBF will re-create the "Securities CSD Links" for eligible Spanish securities in T2S in order to introduce the settings for Iberclear as T2S In-CSD. As today, Spanish bonds can be used for T2S Auto-Collateralisation. The setup of Dedicated Cash Accounts (DCAs) opened at Deutsche Bundesbank remains unchanged.

Only after the successful re-creation of the "Securities CSD Links", positions can be moved into the new mirror account. As this is the preceding task to allow settlement activities, customers acting in ICP and / or DCP mode must not provide instructions before this milestone is completed. All these activities will be done before the "CBF Maintenance Window" starts. In addition, any further T2S Final Wave task to be executed by CBF will be completed until Monday, 18 September 2017, 01:30. After this point in time, customers must instruct that cross-border instructions with Iberclear with the new parameters and format specifications.

CBF's account master database (KUSTA) will be updated to reflect Iberclear's status as a T2S In-CSD. Therefore, the participant data for Iberclear will no longer be available via CASCADE Online function "KVAV" and in the KUSTA Data Carrier after the migration.

Non-CCP stock exchange trades will be received and processed by LION on Friday, 15 September 2017, at around 22:00 according to the normal schedule, but for CSC trades, the transmission of the resulting settlement instructions to T2S will be queued until the PoNR has been confirmed. However, instructions resulting from non-CCP stock exchange trades (LION instructions) in Spanish securities that are newly introduced will be rejected by T2S as part of the revalidation process. This is due to the reason, that the related CBF transition activities are not completed at this point in time. Such LION instructions will be considered within the daily automated reinstruction procedure for rejected non-CCP stock exchange trades. The reinstruction will be conducted on Monday, 18 September 2017 at around 14:30. Hence, no action is required by CBF customers.

CBF's processing with the T2S Out-CSDs DTCC and SIX-SIS will remain unchanged. Customer settlement instructions will be forwarded to these CSDs in accordance with the market deadlines. Settlement results and feedback for pending instructions from these CSDs will be transmitted to T2S once CBF releases the queued instructions for the last T2S Night-time Settlement (NTS) cycle on Saturday, 16 September 2017, at around 23:20. Therefore, the status updates of instructions and / or settlement confirmations might be reported later compared to the regular business schedule. However, on Monday, 18. September 2017 at 05:00, with the start of the T2S Real-Time Settlement (RTS) window, the latest status will be reflected at T2S.

CBF and CBL will align their processing with regards to foreign currency settlement. CBF will transmit the release instruction for the "CoSD Hold" on the securities leg in T2S for the NTS Last Cycle. Please note that the cash reservation in CBL and the securities settlement in T2S might be confirmed to the customers at different times.

General guidelines for customers

In order to ensure a smooth migration, CBF would like to ask customers to support the following measures, if applicable:

- Any remaining pending domestic OTC instructions in Spanish securities and cross-border instruction with Iberclear is requested to be cancelled until Friday, 15 September 2017, 13:00. Due to the bilateral cancellation process, customers are required to inform their counterparties to initiate their cancellation requests.
  Please note that a reinstruction of previously cancelled domestic and cross-border instructions can start on Monday, 18 September 2017. Customers acting in

  - ICP mode can transmit their instructions to CBF starting at 01:30

  - DCP mode can transmit their instructions to T2S starting at 05:00.
    The "DCP Window" planned on Saturday, 16 September 2017, between 20:10 and 23:10 must not be used for cross-border instructions with Iberclear.

- Pending cross-border instructions which remain in the CASCADE instruction database will be cancelled by CBF on behalf of customers on Friday, 15 September 2017, starting 13:00. Please note that this manual procedure might have impact on the instruction management of the customer. Hence, CBF strongly recommends that customers initiate the cancellation procedures in due time.

- Pending domestic OTC instructions will be cancelled by T2S during the "Start of Day" procedure. Within this step the revalidation will be executed. Customers need to consider that this reporting will be provided with any other status update after PoNR has been achieved. Compared to the regular schedule this reporting is delayed and might impact the sequence of the expected message flow.

- During the Migration Weekend the cash provisioning on the related DCA must be done manually by customers. Customers cannot use the CBF cash services as the operational day schedule has been redefined for the MIWE. The CASCADE Online functionality will be available, but no liquidity transfers will be generated towards the National Central Banks (NCBs). This is due to the reason that with the current planning the time triggered T2S Cash Forecast will be delivered by T2S only after the milestone to provide liquidity transfers, for business day Monday, 18 September 2017, has been achieved.

  Latest on Friday, 15 September 2017, customers should take appropriate measures to ensure that a sufficient cash coverage is given for their DCAs. The NCBs recommend to set up respective standing orders in TARGET2, if not already in place. Customers are requested to contact their NCB for more information especially regarding the deadline.

  After the MIWE – for business day Tuesday, 19 September 2017 – the CBF cash services can be used as usual.

- The availability of CBF's inbound connectivity channels will be impacted by the MIWE activities. Customers acting in ICP mode using an automated connectivity channel shall not transmit any messages from Friday, 15 September 2017, 18:55 until Monday, 18 September 2017, 01:30. CBF appreciates if customer would follow this approach. Any instruction provided to CBF will be stored in the connectivity layer. No CBF "Business Validation Feedback" (via MT548 "Settlement Status and Processing Advice") will be provided before Monday, 18 September 2017, 01:30.

- CBF's outbound connectivity channels will remain open as on a regular processing day / weekend. However, customers that are connected via the SWIFT network need to consider that no instructions can be transmitted during the ADW. This is scheduled on from Saturday, 16 September 2017 between 18:00 and 20:00. Messages will be transmitted according to the existing message subscription as soon as results are available from the different T2S processing cycles. Customers using the CBF File Transfer procedure are requested to check the updated reporting times where applicable. Depending on the indicative timeline, files might be empty and will be transmitted only if empty reports are ordered. In addition, the files that will be made available are requested to be accepted / stored at the customer's technical infrastructure. CBF recommends that customers accept files at any time during the MIWE. Otherwise, the data might get lost.

- CASCADE Online functionality (HOST / PC) will not be available from Friday, 15 September 2017, 18:55 until Monday, 18 September 2017, 01:30.

- Customers acting in DCP mode should be prepared to transmit their settlement instructions for the upcoming business day (Monday, 18 September 2017) until Friday, 15 September 2017, 19:10, before the T2S operator locks the DCP users. If instructions will be submitted the messages will be rejected by T2S.

  A dedicated "DCP Window" is currently planned to be made available on Saturday, 16 September 2017, between 20:10 and 23:10. This window can be used to send instructions in DCP mode, however neither domestic OTC instructions in Spanish securities nor cross-border instructions with Iberclear must be transmitted. Please note that the above indicated timeline might be changed on short notice.

- Customers acting in DCP mode using the optional "YCON" procedure to receive real-time settlement reporting via CBF need to consider that these messages will be transmitted only after the PoNR and / or the completion of the NTS First Cycle, when CBF will start to provide the settlement results in ICP mode. According to the latest ECB migration playbook, NTS First Cycle shall be completed on Saturday, 16 September 2017, at around 19:25. Please note that due to the ADW that is scheduled on Saturday, 16 September 2017 until 20:00, such messages will be sent only once the maintenance window is completed.

Should the migration of Iberclear not take place, the existing account and KUSTA setup will continue to be used for settlement. Cross-border instructions towards Iberclear will have to be sent in the current format.

CBF customer communication plan

CBF will advise customers on the key CBF activities and selected ECB milestones during the Migration Weekend via information emails. Additionally, two stand-up calls are scheduled. More details about the customer communication plan can be found at the end of this section.

Customer are requested to provide the contact details of the SPOCs who should receive these emails by 1 September 2017 and also indicate whether they want to participate in the conference calls.

Each information email will be sent shortly after the respective activity or milestone has been completed and contain an updated version of the customer communication plan.

Customers registered for participation in the conference calls will receive a separate invitation with the necessary details.

Customer communication plan for September 2017

Info #	CBF Activity and selected ECB Milestones (MSP[1])	Indicative Timeline Date / Time (CEST)	Execution Time	Elapsed Time	Status Indicator
1	Final Wave MIWE Guidelines for CBF Customers	FRI, 8 SEP, 18:00			
Call 1	Kick off Migration Weekend Final Wave	THU, 14 SEP, 14:00			
2	Finalization of preparation Final Wave MIWE	FRI, 15 SEP, 09:00			
3	Cancellation of cross-border instructions with Iberclear	FRI, 15 SEP, 10:30			
4	Finalization CBF Business Day / Closing outbound channel to T2S and inbound connectivity channels for ICP customers	FRI, 15 SEP, 18:55			
5	T2S Operator locks DCP users	FRI, 15 SEP, 19:10			
6	MSP1: Start of Final Wave Migration	FRI, 15 SEP, 22:45			
7	MSP9: Transfer of security positions completed by Iberclear MSP11.1: Confirmation that new instructions were uploaded by Iberclear MSP13: Point of No Return	SAT, 16 SEP, 10:05 SAT, 16 SEP, 15:40 SAT, 16 SEP, 19:45			
8	T2S opens window for DCP user	SAT, 16 SEP, 20:10			
9	MSP14: Final confirmation of the Night-time settlement by CSDs / CBs MSP15: Confirmation on readiness for Real time settlement (RTS)	SUN, 17 SEP, 02:00 SUN, 17 SEP, 02:12			
10	CBF informs about start of CBF Maintenance Window and specific procedures on the first T2S Day after migration of Final Wave	SUN, 17 SEP, 04:00			
Call 2	De-briefing Migration Weekend Final Wave	MON, 18 SEP, 15:00			

ⓘ Progress reporting is planned to be provided similarly to the communication during the migration of T2S Wave 4

ⓘ The number of emails have been aligned with the most important milestones

ⓘ This table will be part of the emails to keep CBF's customers updated

[1] MSP = Migration Synchronisation Point; a milestone during the migration weekend reached when all T2S actors have completed their respective tasks according to the Migration Weekend Playbook (Source: ECB – T2S Glossary_v1.0)

Legend: → Execution according to plan → Delay in execution

Contact

The T2S Support team at Clearstream will be able to answer your questions regarding T2S Final Wave for the related CBF enhancements and the T2S Migration Weekend.

Please note that after the successful migration weekend the T2S Final Wave our Client Services Teams will be responsible for any questions of the customers pertaining to production processes.

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