

## MATCHING RULES

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From phase 1 of the migration NBB-SSS will use the future T2S rules for matching instructions in its system.

The following types of instructions can be sent to NBB-SSS:

- DvP (Delivery versus Payment) instructions
- FoP (Free of Payment) instructions
- PFoD (Payment Free of Delivery) instructions
- DwP (Delivery with Payment) instructions

Matching of these instructions is done by comparing the different matching fields. T2S matching rules use 3 types of matching fields, each with their implications for the matching process.

Mandatory matching field	Both parties must fill in these fields in order to have a matched instruction.
Additional matching field	If one party fills in an additional matching field, its counterparty must fill in the same data as well, in order to have a matched instruction.
Optional matching field	<ul style="list-style-type: none"><li>➤ If one of the two counterparties fills in this field, while the other does not, instructions will match.</li><li>➤ If both counterparties fill in this field, they have to fill in the same data for the instructions to match.</li></ul>

NBB-SSS accepts already matched instructions if the participant has ownership or PoA on the accounts mentioned in the already matched instruction.

Power of Attorney (PoA) at account level is introduced: MT541 or MT543 with the 25D:MTCH/MACH at the end of the sequence TRADDET will be accepted and processed.

For instructions sent by two counterparties to match, the values of the different fields, when filled in (except for optional matching fields which can match against empty fields), must be identical or sometimes opposed to each other.

However, with respect to settlement amounts (cash), tolerance levels are set. Deviations in the instructed amounts smaller than € 25 are admitted if the settlement amounts exceed €100,000. For settlement amounts up to €100,000 a € 2 variation is acceptable. For settlement Instructions in Foreign currencies, the tolerance level per instruction shall be of equivalent amount based on the official exchange rates published by the ECB.

If more than one potentially matching Settlement Instruction is found by the system, it chooses the one with the smallest difference in settlement amount. If multiple potentially matching Settlement Instructions have the same settlement amount, the system chooses the instruction with the closest entry time.

In case the system matches settlement instructions with a difference in the settlement amount, the settlement amount of the delivering party of the securities is used for settlement.

Herewith an overview of the different matching fields and to which matching field type they belong.

Mandatory matching field	Additional matching field	Optional matching field
<ul style="list-style-type: none"> <li>• Payment type</li> <li>• Securities movement type</li> <li>• ISIN code</li> <li>• Trade date</li> <li>• Settlement quantity</li> <li>• Intended settlement date</li> <li>• Delivering party BIC</li> <li>• Receiving party BIC</li> <li>• CSD of the counterparty</li> <li>• Currency (1)</li> <li>• Settlement amount (1)</li> <li>• Credit/Debit (1)</li> </ul>	<ul style="list-style-type: none"> <li>• OPT-Out ISO transaction condition indicator (3)</li> <li>• Cum/Ex indicator (4)</li> </ul>	<ul style="list-style-type: none"> <li>• Common trade reference</li> <li>• Client delivering CSD participant (BIC of Proprietary Format) (5)</li> <li>• Client receiving CSD participant (BIC of Proprietary Format) (5)</li> <li>• Securities account of the delivering party</li> <li>• Securities account of the receiving party</li> </ul>

(1) Currency, settlement amount and credit/debit indicator are mandatory matching fields for DVP instructions. Euro FOP instructions are understood to not use these fields at all. If they do, they are considered to match as well.

Foreign currency DVP instructions will be sent to T2S as FOP instructions containing the foreign currency, settlement amount and credit/debit indicator. In this case these fields are considered mandatory matching fields. These fields will refer to the amounts in GBP/USD that NBB-SSS will receive from the buyer and credit the seller through cash accounts outside T2S.

(3) If 'Y', no market claims generation or transformation, otherwise ' ': 'N' does not exist in the ISO standard.

(4) It is expected that, since NBB-SSS only settles in nominal, this field will always mention 'CUM', resulting in the non-consideration of this field in NBB-SSS's processes (i.e. withholding taxes). The NBB-SSS recommends avoiding the usage of this field.

(5) NBB-SSS recommends usage of BIC to identify the client in the light of cross-border settlement in T2S as of phase 2.

**Since NBB-SSS will no longer match on the instruction type, the participants are advised to provide a common trade reference or one of the other optional matching fields in their instructions, in order to avoid cross-matching issues.**

After arrival of the first instruction, the NBB-SSS provides the MITI (Market Infrastructure Transaction Identification). On arrival of the second, matching, instruction, the second instruction receives the same MITI. The MITI does not change when the transaction is recycled. The MITI will contain the T2S reference of the instruction.

The matching reference provided by T2S will only be available for the participant working with MX messages.

Settlement Finality 2 (“moment of irrevocability”) is reached when the matched status is given by T2S to the instruction.