



EBA CLEARING

# ANNUAL REPORT 2019

Practitioners Creating  
Pan-European  
Payment Infrastructures






Left: Jet engine

Right: Kölnbrein Dam in Kärnten, Austria

Front cover: View from the Place de la  
Concorde to the Roue de Paris



Infrastructure systems come in all shapes and sizes. But when you look at them from different perspectives – zoom in on some of their components or take in the visible marks they imprint on the landscape –, you can see a lot of structural similarities.

The endeavour to find the most efficient and effective approach, which is at the core of each thriving infrastructure development, seems to result in strikingly similar-looking characteristics for otherwise totally different solutions. This is very much in line with Leo Tolstoy's famous observation, which has long since been turned into a principle to explain the success of well-functioning systems: "All happy families are alike; each unhappy family is unhappy in its own way."

In this document, as in our previous reports, we give visibility to the rich and diverse user input and multiple exchanges driving our agenda and shaping our services. It is our vibrant user community that, through its commitment and its contributions, creates, in Tolstoy's words, a "happy family" and is certainly at the heart of the Company's success.

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## E-U-R-O-P-A

**E**xcellence  
**U**ser-driven  
**R**obustness  
**O**penness to stakeholders' needs  
**P**an-European  
**A**gility

Left: Fiber optic cable reels

Right: Interlocking railway tracks





# The Company's Mission and Strategic Aims

## OUR MISSION

EBA CLEARING's mission is to deliver market infrastructure solutions for the pan-European payments industry, to support its users' needs in line with user requirements.

The strategic aims of the Company are to ensure a **pan-European** and country-neutral approach for the development and delivery of infrastructure solutions, thereby ensuring **excellence** and **robustness** in delivering our services. EBA CLEARING will maintain its track-record of timely delivery of **user-driven** solutions responding to evolving and new demands for infrastructure solutions, thereby demonstrating its **openness to stakeholders' needs** and **agility** in its role as a market infrastructure solutions provider.

## OUR OBJECTIVES

EBA CLEARING aims to allow cost optimisation for its users, and is not seeking profit or shareholder value maximisation. In pursuing its mission, EBA CLEARING is guided by the objective to offer its users solutions that are fit for purpose and efficient, with a special focus on safety and ensuring compliance with regulatory and oversight requirements. EBA CLEARING recognises its role in supporting financial stability and promoting fair and efficient markets; it is committed to discharging these responsibilities.



There is a growing conviction among both public-sector and private-sector actors that resilient and innovative payment services with a European DNA should play an eminent role going forward, given their great potential in maintaining and strengthening the continent's economic prosperity and competitiveness.



# Chairman's Statement

The European payments industry stayed on a firm digital transformation course in 2019. Market efforts to further modernise, integrate and accelerate payment products, platforms and processes continued over the past year.

These efforts were reinforced by a growing conviction among both public-sector and private-sector actors that resilient and innovative payment services with a European DNA should play an eminent role going forward, given their great potential in maintaining and strengthening the continent's economic prosperity and competitiveness. In this vein, the European Central Bank in 2019 listed "a European identity and governance"<sup>1</sup> among the five objectives to be fulfilled by any market-based initiatives working towards a pan-European payment solution for point-of-sale and online payments.

In accordance with these trends, market players, among other things, intensified their work on the roll-out of instant payments, leading to the connection of further institutions and the migration of additional payment channels to the new instrument. The rising adoption of real-time payments and the increased focus on pan-European solutions also resulted in the launch of new collaborative initiatives to enable the creation of value-added solutions leveraging real-time rails for the benefit of payment service users across Europe. With its pan-European payment platforms, governance model and vision shaped by its community of users from all

over Europe, EBA CLEARING is well-placed to play an active role in this context. Accordingly, the Company multiplied its efforts in 2019 and early 2020 to optimally support its users on this journey with infrastructure services that are pan-European by design and desire.

Together with its users, EBA CLEARING has, in particular, continued to further evolve its instant payment system RT1 in terms of participation, volumes and functionality. With its almost full pan-European reach, RT1 provides a cornerstone of the SEPA-wide infrastructure that is needed for the use of instant payments across the continent. Peak days with volumes close to the 1-million-transaction mark clearly indicate that end-user adoption is already under way.

One way to push and further broaden real-time payment adoption is the development of a pan-European messaging infrastructure service for request to pay, which EBA CLEARING kicked off in mid-2019 with a coalition of users wishing to move on this. We believe this new real-time messaging layer is an important piece of the puzzle, which will help boost the creation of value-added services around payments that

<sup>1</sup> "Innovation and its impact on the European retail payment landscape," Note by the ECB for the Economic and Financial Affairs Council (4 December 2019): <https://www.ecb.europa.eu/pub/pdf/other/ecb.other191204~f6a84c14a7.en.pdf> (accessed on 29 May 2020)

The efficient leveraging of existing system and user assets is a central component of the Company's strategic approach.

are convenient and safe for consumers and that support corporates in digitalising, automating and accelerating their processes. The R2P Service will be launched in November this year. In the near future, we hope to see value-added services reaping the benefits of this new messaging layer for first use cases.

Over the past year, market actors also continued their preparations for the major industry changeover to the ISO 20022 standard for large-value payments, which will pave the way for an easier tracking of transactions across systems and for payment messages to carry more relevant data. Following in-depth user consultations on the evolution and future positioning of EURO1 and STEP2 in 2018, EBA CLEARING, in 2019, took forward the specifications and development work for the two systemically important payment systems (SIPS) while maintaining regular dialogue with each user community.

As for similar projects in the past, the Company's main objective in modernising and further strengthening the two systems is to minimise user impact of the changes involved. We are trying to achieve this by relying, where possible, on existing components at user and system level and by ensuring maximal alignment with other industry developments, such as the ISO migration of TARGET2.

Another top priority of the Company in moving forward is to maintain key assets of the sys-

tems, such as the liquidity efficiency of EURO1, and to optimally support service users in exploiting them. A showcase example of this approach is the liquidity dashboard, which went live in November 2019 for EURO1 and will help users to successively build up liquidity monitoring and management capabilities across all EBA CLEARING Services.

The efficient leveraging of existing system and user assets is also a central component of the Company's strategic approach to instant payments and open banking. To this effect, a strong focus in 2019 was put on connecting RT1 to additional clearing and settlement mechanisms (CSMs) in different communities. Thanks to this co-operation between CSM providers, payment service providers (PSPs) can rely on their established infrastructures and suppliers for instant payments and, at the same time, benefit from – and contribute to – the pan-European reach of RT1.

Our latest brainchild, R2P, follows the same strategy by enabling PSPs to take advantage of existing real-time messaging capabilities and know-your-customer processes to develop additional value: the new service will allow PSPs and their customers to exchange relevant data prior to, and separate from, the actual payment.

As an operator of two SIPS, EBA CLEARING puts the resilience of its systems first in any of its strategic considerations and gives prime



I believe that payment infrastructures are essential for the stability of the economic activity and we are proud to support our user communities in maintaining payments at the highest possible levels of stability and security.

attention to all related aspects, such as the maintenance and evolution of their underlying IT architecture, the monitoring and assessment of the Company's risk environments and the regular testing of its business continuity arrangements.

In this context, I am happy to confirm that the operational stability of the Company's services was robust and unaffected by the recent lockdown requirements related to the COVID-19 pandemic and that the activation of relevant business continuity measures was completely invisible to our service users. I believe that payment infrastructures are essential for the stability of the economic activity and we are proud to support our user communities in maintaining payments at the highest possible levels of stability and security.

Throughout the period under report, the topic of cyber security remained a standing item on the agenda of the EBA CLEARING Board, whose skillset on cyber security and IT risk management matters was further expanded in 2019 through the appointment of an Outside Director with in-depth expertise in these areas. The Company further maintained a continuous dialogue with the Overseers of its systems in the context of assessments of compliance with oversight requirements, including its self-assessment against the Cyber Resilience Oversight Expectations (CROE) for financial market infrastructures completed in 2019.

As global developments in early 2020 have vividly demonstrated, there is a clear and urgent need for secure ways of doing business in the new digital reality that is taking shape and scaling up with accelerated pace. At EBA CLEARING, we look forward to, under the guidance of our users, contributing to the joint efforts of public-sector and private-sector actors to take the European payments ecosystem to the next level and ensure it continues to successfully serve economic actors across Europe.

I would like to thank all our shareholders and users, my fellow Board members and all service user representatives who have participated in our committees, expert groups, working groups and country group meetings over the past year for their commitment, contributions and support. I would also like to express my gratitude to the management and staff of this Company and to our technology partners for their dedication and efforts as well as to our Overseers for the continued constructive dialogue. We look forward to continuing our fruitful co-operation and exchanges with all of you in 2020 and beyond.



Petia Niederländer



A sound, and well-tested pan-European governance structure and strong user commitment have been key to the success of the Company, and we can be grateful for this. In addition to stable operations of existing services, new and innovative infrastructure ideas have been developed and taken forward.



# CEO's Statement

In line with the Company's *raison d'être* – the creation and operation of a stable and compliant processing infrastructure for pan-European payment systems – EBA CLEARING in 2019 provided reliable, efficient and cost-effective payment infrastructure services to its multinational user community on a daily basis. A sound, and well-tested pan-European governance structure and strong user commitment have been key to the success of the Company, and we can be grateful for this.

In addition to stable operations of existing services, new and innovative infrastructure ideas have been developed and taken forward. The Company spent a great deal of its attention and energy on forward-looking projects in order to optimally serve existing and emerging user needs. The launch, to a very positive echo, of a development project for a pan-European request to pay infrastructure service was a special highlight. We also made significant progress on further evolving the RT1 System, soon to see its sixth iteration since go-live.

Another focal point of our work was to absorb both user-driven and regulatory change requirements for our systemically important payment systems, EURO1 and STEP2, and consolidate them into development programmes. The way forward for the future evolution and positioning of the two systems was charted in 2019 based on our extensive user consultations in 2018 and both development projects were kicked off in the course of last year.

In terms of system usage, the two SIPS platforms saw a stable evolution during the period under report. EURO1, providing liquidity savings, resilience and choice in euro large-value payments, continued to perform well, witnessing steady volumes at around 200,000 transactions per day throughout 2019, with an average daily value of over EUR 200 billion.

While we were hashing out the work programme for the migration of the system to the ISO 20022 standard, we gathered further guidance through regular touchpoints with the EURO1 Business Committee as well as other user groups, and ensured maximal alignment with the TARGET2 project in crafting the specifications and detailing the implementation planning. This is in line with user demand to minimise project costs and make it easy to switch payments from one high-value payment system to the other, as business needs require. In the second half of the year, we signed a development agreement with our longstanding technology partner SWIFT, which will deliver a system design aimed at reducing the operating costs for the Company while ensuring highest levels of resilience.

STEP2, the industry's pre-eminent platform for processing SEPA transactions, continued to provide full reach in the Single Euro Payments Area during the period under report as well as substantial cost savings to its large user community through the significant economies of scale generated by the system. Transaction

By leveraging previous investments, we can build a fast, secure, and highly standardised R2P infrastructure that can accelerate the development of end-user solutions according to PSPs' needs and business strategy.

volumes remained stable throughout 2019 with more than 45 million SEPA payments being processed on average per day.

The project to migrate the STEP2 SEPA Services from a settlement cycle approach to a continuous gross settlement mechanism was launched in July 2019 and has been taken forward in extensive consultation with the STEP2 user community and the Overseers. The new settlement mechanism is scheduled to start operating in November 2020 in parallel mode. A successive migration of all users will follow until November 2022, which will enable our service users to optimally coordinate the major infrastructure projects they are running concurrently and thus help to limit any related implementation risks.

Exchanges with the service users on the longer-term positioning of EURO1 and STEP2 and the benefits to be reaped from the Company's cross-service alignment measures continued in 2020. What is more, both development programmes remained on track in spite of the deployment of contingency measures across the European financial industry related to the COVID-19 pandemic. EBA CLEARING will keep pursuing both projects in close consultation with the user communities and its Overseers, and will strive to ensure that they stay aligned with the Eurosystem's planning for TARGET2.

RT1 continued to play a leading role in the instant payment ramp-up during the reporting period. Transaction volumes grew by 500% in

2019 and passed the 100 million-transaction mark on 11 January 2020. By early 2020, RT1 counted 60 participants, which connected close to 2,400 addressable PSPs to the system. The system extends reach to nearly all PSPs adhering to the EPC's SCT Inst Scheme. Moreover, the institutions connected to RT1 currently already represent 70% of today's STEP2 SCT traffic and we expect this to grow to 90% by the end of the year. This clearly indicates that SCT Inst adoption across Europe has reached a critical mass.

Performance is excellent with over 98% of all RT1 transactions completed within three seconds and an average processing time of well under two seconds. This performance is expected by design. It is scalable as well, and capable of supporting virtually any user business need. To make sure that the system keeps up with evolving user needs, the Company closely monitors the performance and liquidity efficiency of RT1 and regularly engages in discussions with users in order to further improve these and other aspects.

At the request of and in co-operation with its users, the Company created a blueprint for a pan-European request to pay infrastructure solution in early 2019. The underlying idea is of an evolutionary rather than a revolutionary nature: to provide a missing link for commercial applications of SCT and SCT Inst. By leveraging previous investments, we can build a fast, secure, and highly standardised infrastructure

The European payments infrastructure ecosystem has proven to be very resilient, even in the face of unprecedented circumstances in early 2020, thanks to the high level of preparedness, determination and flexibility of many of its actors.

that can accelerate the development of end-user solutions according to PSPs' needs and business strategy.

Based on the positive resonance to the blueprint, a funding call went out in the second quarter and we were able to start the R2P development project in July 2019 with the support of 27 financial institutions from 11 countries. As we did for RT1, we shared the first version of our specifications with interested PSPs and their suppliers in November 2019, as soon as they were ready. We trust that this approach will help build up the traction needed for a successful pan-European roll-out of this future messaging service, for which the timing seems right.

The financials of EBA CLEARING are robust, with cash levels covering the liquidity requirements set for SIPS operators by the SIPS Regulation. In accordance with the Company's ability to finance some continuing investments itself, without any recourse to shareholders or bank credit lines, EBA CLEARING continued to refresh key aspects of its IT environment as well as of its statistical reporting and accounting systems. As in previous years, we conducted numerous resilience and crisis management exercises, as well as attack and penetration testing.

In early 2020, touchpoints with the Company's users, critical service providers and oversight multiplied in light of the mandatory lockdown measures deployed by national authorities across Europe. Thanks to the extensive and

well-tested co-operation between all relevant parties, the transition to contingency arrangements was seamless and operations continue to be smooth. As lockdown measures are being eased, the Company remains on alert and focused on supporting the continued wellbeing of its users, partners and staff members.

Throughout the past few months, work on all services-related projects has continued at EBA CLEARING as well as with our dedicated technology partners and is fully on track. We are very pleased that we have also registered continuously high levels of user attendance and engagement in our user say and expert groups, which has allowed us to foster a very active exchange with our user community on the way forward.

The European payments infrastructure ecosystem has proven to be very resilient, even in the face of unprecedented circumstances in early 2020, thanks to the high level of preparedness, determination and flexibility of many of its actors. We are keen to continue our journey in co-operation with our users, partners and other stakeholders in order to help make this ecosystem even more resilient, more agile and future-proof.

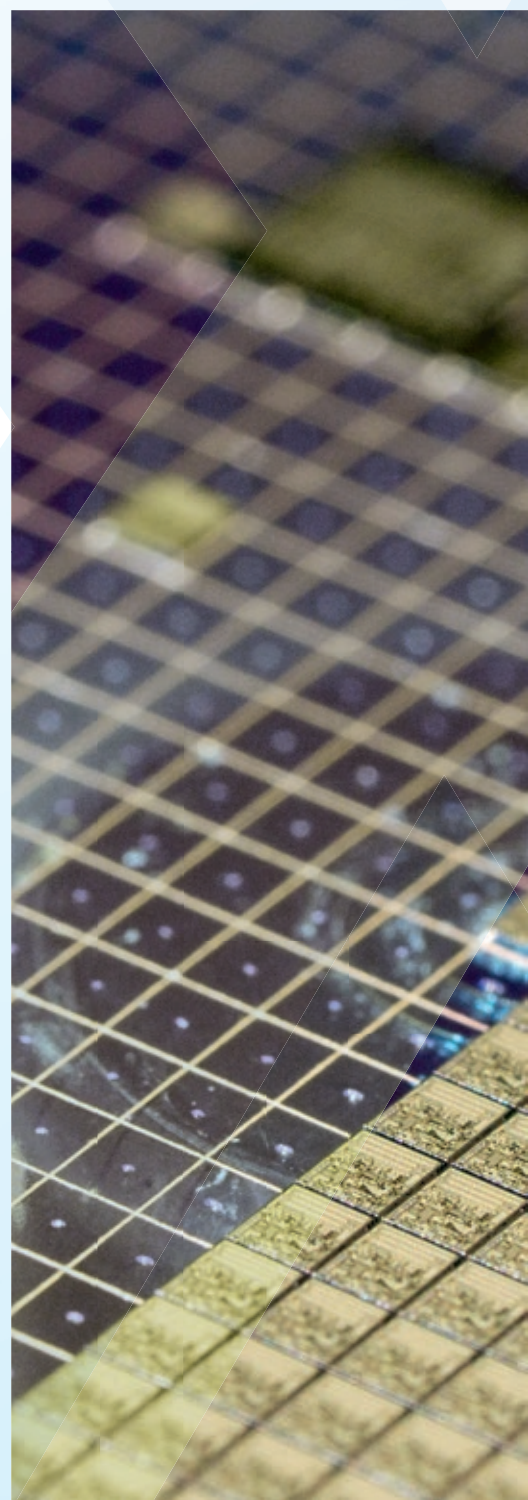
For your continued trust and commitment to make our joint pan-European vision of payments a reality, I thank you.



Hays Littlejohn



# The Company's Activities in 2019 and Outlook for 2020





The period under report is  
1 January 2019 – 31 December 2019.  
The outlook for 2020  
is included for information.

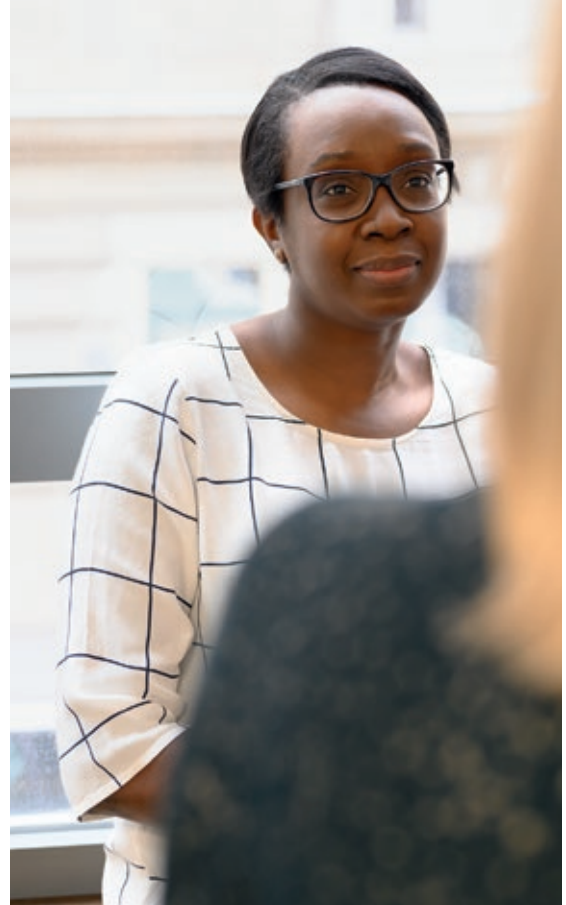
Left: Semiconductor silicon wafer ring  
Right: Lavender harvest





# Our Services Introduction

Throughout the period under report, EBA CLEARING delivered, on a daily basis and in accordance with highest levels of resilience, best-of-breed payment infrastructure services to a large European user community.



## EBA CLEARING PAYMENT SERVICES: EVOLUTION OF ANNUAL VOLUMES AND VALUES IN 2018/2019

EBA CLEARING Service	2018		2019		Evolution	
	Volume*	Value*	Volume*	Value*	Volume	Value
EURO1	50.08m	51,579bn	50.47m	52,612bn	+0.78%	+2.00%
STEP1	2.46m	357bn	2.27m	366bn	-7.76%	+2.35%
STEP2 SCT	4.66bn	13,524bn	4.68bn	14,290bn	+0.32%	+5.66%
STEP2 SDD Core	6.81bn	1,318bn	6.73bn	1,336bn	-1.17%	+1.40%
STEP2 SDD B2B	86.39m	759bn	89.12m	796bn	+3.15%	+4.87%
STEP2 CC	2.13bn	122bn	2.52bn	135bn	+18.11%	+10.03%
RT1	9.73m	6bn	82.85m	44bn	+751%	+672%
Total	13.74bn	67,665bn	14.15bn	69,580bn	+2.98%	+2.83%

\* Rounded figures, all values in EUR





Overall, processing volumes and values were very stable in 2019, both registering an increase of nearly 3% compared to 2018. Throughout 2019, EBA CLEARING handled the settlement of 14.15 billion transactions across all services. This represents an average daily volume of over 55.5 million transactions.

Following extensive exchanges with the different user communities in 2018 on the changes to be brought to the EURO1/STEP1, STEP2 SEPA and RT1 Services, the Company in 2019 proceeded with two further system iterations in RT1 and kicked off preparations for the major changes to be brought to its two systemically important payment platforms. To further detail and refine its planning for these significant changeovers, EBA CLEARING continued its close dialogue with the respective user communities on the implications of the EURO1 ISO 20022 migration and the move of the STEP2 Services to a continuous gross settlement mechanism.

In addition to the consultations with the EURO1 and STEP2 Business Committees, the RT1 Working Group, the R2P Project Working Group and the different expert groups, 24 user community meetings took place with service users from 11 countries.

The Company further contributed to collaborative industry initiatives and bodies fostering the pan-European development of instant payments and request to pay, and regularly provided updates on its work strands in these areas as well as on its ISO 20022 migration preparations at industry conferences and roundtables.

# EURO1 Service

## 1 OVERVIEW

In 2019, EURO1 celebrated its 20<sup>th</sup> anniversary. EBA CLEARING's large-value payment system continued to reliably serve its participants as the resilient and cost-effective RTGS-equivalent system for single euro payment transactions that allows participants to optimise liquidity efficiency.

The Company further pursued the work programme kicked off in October 2018 for the future positioning of EURO1. Efforts were focussed on preparations for the migration of EURO1 from FIN-based messaging to the ISO 20022 standard and its alignment with TARGET2 to ensure full switchability between the two payment systems. The development phase of the ISO migration project started in November 2019.

As a first deliverable of the future positioning work programme, a liquidity dashboard functionality for EURO1 was implemented in November 2019. The liquidity dashboard will support banks in their integration of liquidity monitoring and management tasks across the different EBA CLEARING services they use.





## 2 EVOLUTION OF EURO1 VOLUMES, VALUES AND PARTICIPATION

During the period under report, the transaction volumes processed in EURO1 remained stable while the average daily transaction value increased by 2%. The EURO1 market share of large-value payments in euro stood at 36%.

Service participation went from 48 in 2018 to 44 in 2019 and currently stands at 42 as two banks left the service in the first quarter of 2020.







### 3 PROGRESS ON EURO1 FUTURE POSITIONING AND ISO 20022 MIGRATION

In line with the outcome of the 2018 user consultation, work continued throughout 2019 on the preparations for the migration of EURO1 to the ISO 20022 standard for high-value payments in close alignment with TARGET2. At the same time, the Company also took forward the development of cross-service support tools aimed at helping its users to centrally steer their activities across different EBA CLEARING Services. A major emphasis was placed on ensuring that the future evolvments will not adversely affect the core characteristics and components of the system, which should continue to provide the benefits most valued by its users: processing payments with immediate finality in a highly liquidity-efficient, cost-effective and resilient way.

In order to meet these objectives, the Company, in its ISO 20022 migration planning, has been striving to maintain and further strengthen core system functionality, while maximising its alignment with the T2/T2S migration project to facilitate development, testing and live migration activities for banks participating in both services. To this effect, the ISO-based message guidelines developed for EURO1 have been fully aligned with the message guidelines of the future TARGET Services and will also incorporate any additional updates that may be brought to the latter. This enables banks to develop one message interface for both systems. Payments formatted according to the TARGET specifications can at all times be processed in EURO1 and vice versa, which facilitates intra-day re-routing of payments between the two services.



To allow communication with participants using more than one network, the future EURO1 Service will be network agnostic. It will therefore shift from the SWIFT based Y-copy to a generic V-shape as part of the ISO migration. Furthermore, liquidity management functions and reconciliation as well as reporting will be aligned across the EURO1, STEP2 and RT1 Services to optimise cross-service management at bank level.

All planned developments for the changeover to ISO 20022 scheduled for November 2021 were detailed in an impact document shared with the user community and explained in multiple information sessions held throughout the year.

In 2019 and the first quarter of 2020, the Company also continued its exchange with the EURO1 user community on potential enhancements to be considered in order to further increase the attractiveness of EURO1 for the period beyond 2021.

## 4 SYSTEM DEVELOPMENTS IN 2019 AND 2020

The liquidity dashboard and the modernisation of the interactive workstation (IWS) were the first two deliverables of the EURO1 future positioning programme implemented by the Company; both were introduced as part of the annual release in November 2019. In this first phase, the dashboard includes intra-day liquidity monitoring facilities for EURO1.

In view of the ongoing preparations for the ISO migration in 2021, changes in the 2020 release will be limited to mandatory technical upgrades. The liquidity dashboard will see the inclusion of RT1 information as part of this release without any impact on other functionality.

# EURO1 Service

The private-sector LVPS  
for Euro payments  
providing liquidity savings,  
resilience and choice

KEY FACTS AND FIGURES  
STATUS: MARCH 2020

## AVERAGE DAILY VOLUME

**183,071** transactions

## AVERAGE DAILY VALUE

**€ 233** billion

## LIVE DATE

4 January  
1999

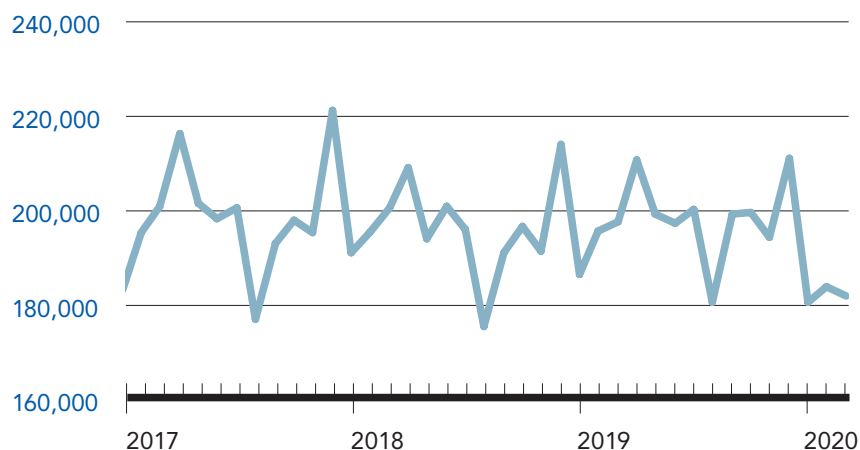
## TECHNICAL OPERATOR

SWIFT

## SETTLEMENT AT PROCESSING CUT-OFF TIME

in TARGET2 via the  
Ancillary System  
Interface ASI-4

## EVOLUTION OF AVERAGE DAILY VOLUME OF PAYMENTS PROCESSED





## LEGAL BASIS

- Identified by the ECB as  
**Systemically  
Important  
Payment  
System (SIPS)**
- ECB SIPS Regulation fully  
applicable

## FUNCTION

- Large-value  
payment system
- RTGS-equivalent net system
- Providing immediate finality  
for each individual payment  
transaction in real time
- Combined with the liquidity-saving  
benefits of a multilateral system

## REACH

Over

**6,400**

participant BICs and close to

**11,000**

additional BICs reachable via  
EURO1/STEP1 Participants

## SPECIAL FACTS AND FEATURES IN 2019/2020

- Development phase of  
EURO1 ISO 20022 migration  
started in November 2019
- Liquidity Dashboard for  
intra-day liquidity monitoring  
introduced for EURO1 in November 2019

## PARTICIPATION

**43**

Participants

**42**

Sub-Participants

# STEP1 Service

## A TURN-KEY SOLUTION FOR SINGLE EURO PAYMENT PROCESSING

The STEP1 Service offers a direct and cost-effective access to a highly resilient single euro payment processing platform. With its limited joining and running costs as well as its wide reach, STEP1 provides a low-investment solution for the exchange of non-SEPA euro transactions with all key payment banks operating in Europe.

The number of STEP1 Participants continued to further decrease during the period under report, with industry consolidation in Europe being the main reason for this development.

Despite the continuing decline in participants, the STEP1 transaction volume only witnessed a limited decline while transaction values even saw a slight increase. This testifies to the continued value of STEP1 for smaller and medium-sized banks in particular.

# STEP1 Service

A turn-key solution for single euro payment processing

KEY FACTS AND FIGURES  
STATUS: MARCH 2020

LIVE DATE

21 November 2000

TECHNICAL  
OPERATOR

SWIFT

SETTLEMENT

EURO1 Banks act as  
settlement banks  
for STEP1 Participants

FUNCTION

Single euro payment service  
for commercial transactions,  
mainly used by medium-sized  
and smaller banks

AVERAGE DAILY VOLUME

**8,006** transactions

AVERAGE DAILY VALUE

**€ 2.1** billion

PARTICIPATION

**32**  
Participants

**4**  
Sub-Participants

REACH

Over

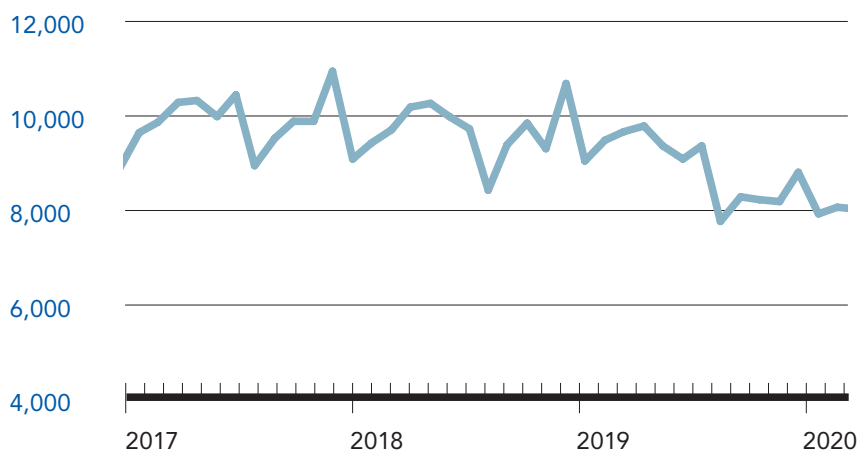
**6,400**

participant BICs  
and close to

**11,000**

additional BICs  
reachable via EURO1/  
STEP1 Participants

EVOLUTION OF AVERAGE DAILY  
VOLUME OF PAYMENTS PROCESSED



# STEP2 SEPA Services

## 1 OVERVIEW

A cornerstone of the Single Euro Payments Area (SEPA), the STEP2-T System provided full reach to the European payments industry during the period under report, processing very high volumes of domestic and cross-border euro retail payments in a reliable, cost-effective and disruption-free manner. Its position as a strategically important infrastructure for a number of communities and individual banks across Europe was further strengthened through the continued growth in participation numbers in 2019 and early 2020.

## 2 EVOLUTION OF STEP2 VOLUMES AND PARTICIPATION

Daily average volumes in the STEP2 SEPA Services were stable in 2019 with 45.2 million transactions processed per day on average.

Participation in the STEP2 SEPA Services continued to grow throughout 2019 and early 2020, with 12 participants joining the STEP2 SEPA Credit Transfer (SCT) Service, seven participants joining the STEP2 SDD Core Service and four participants connecting to the STEP2 SDD Business-to-Business (B2B) Service. The STEP2 SEPA Services kept extending full reachability to over 4,800 financial institutions across the Single Euro Payments Area.

## 3 PROGRESS ON INTRODUCTION OF CONTINUOUS GROSS SETTLEMENT MECHANISM

Following the user consultation on the Blueprint for evolving the STEP2-T Settlement Model, completed in the first half of 2019, EBA CLEARING proceeded with the work programme aimed at introducing a continuous gross settlement mechanism for the STEP2 SEPA Services by November 2020.

With continuous gross settlement, STEP2 SEPA transactions will settle in a continuous manner, provided there is sufficient liquidity available. The new settlement mechanism will further entail an alignment of the liquidity management of the system with the other EBA CLEARING Services, in particular RT1. These evolvments will provide participants with additional controls to ensure timely processing of their payments and enhanced resilience for the system.

The draft specifications for the new module to be implemented for this enhanced settlement mechanism were published in November 2019. In parallel, work started on further evolving the business practices of the system, at the request of the users and in close consultation with the STEP2 Business Committee as well as with the Treasury and Liquidity Group, with the objective to define best practices supporting the smooth and timely processing of the bilateral gross settlement instructions throughout the day.

To take into account the participants' ongoing engagement in other substantial mandatory payments industry projects, the STEP2-T user community has chosen to move to the new settlement in a phased migration starting in November 2020 and ending in November 2022. During this two-year period, the existing and the new settlement mechanisms will co-exist.





This co-existence period has been designed to minimise implementation risks in light of the industry's loaded implementation agenda. It will allow individual banks and/or communities to choose their preferred migration window in relation to their other ongoing projects. From a payment sending and receiving as well as from a reporting perspective, the changes for the participants will be kept to a minimum.

#### 4 SYSTEM DEVELOPMENTS IN 2019 AND BEYOND

As in previous years, EBA CLEARING continued to pass on the benefits of the significant economies of scale generated by STEP2 to the service users in terms of cost savings, keeping transaction prices at a low level.

A functional release put in place in November 2019 mostly focussed on updates related to the EPC SCT Scheme Rulebook. They included new inquiry and investigation reports for SCT transactions and an option for the exchange of extended remittance information in replacement of the related Additional Optional Service (AOS2).

As part of the Company's ongoing cross-service alignment efforts, various enhancements were brought to the graphical user interfaces and REST APIs. In addition, a new business intelligence tool was implemented to enhance the STEP2 data processing and analysis capabilities.

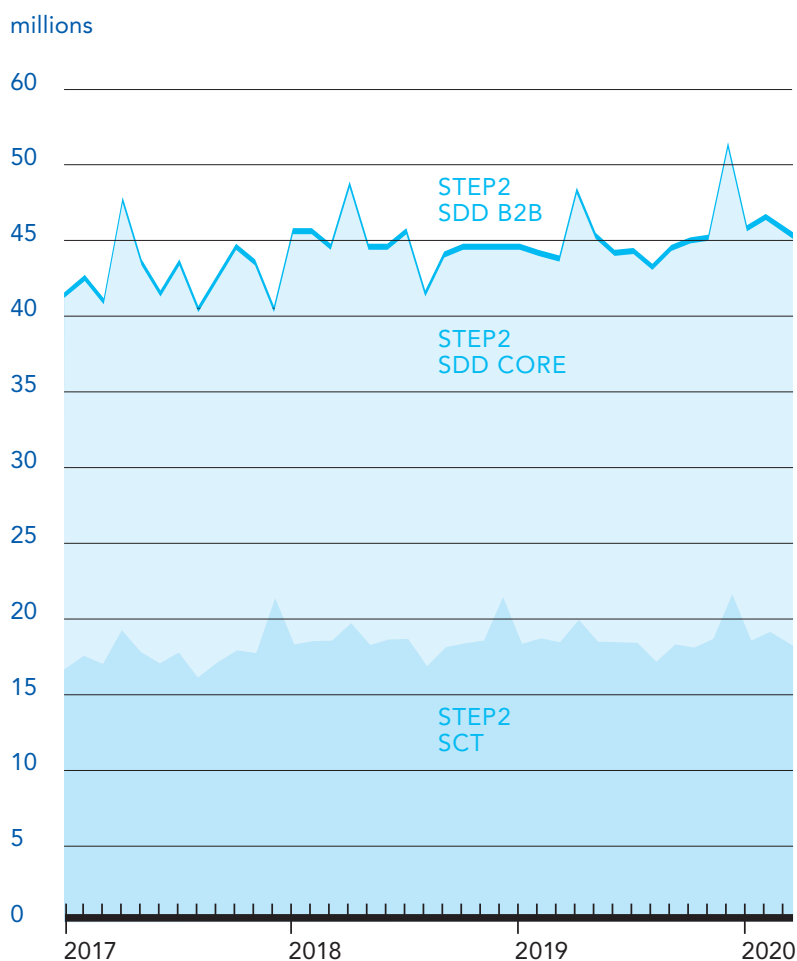


# STEP2 SEPA Services

Reaching all corners of SEPA  
for retail payments

KEY FACTS AND FIGURES  
STATUS: MARCH 2020

## EVOLUTION OF AVERAGE DAILY VOLUME OF PAYMENTS PROCESSED



## LIVE DATES

SCT

28 January 2008

SDD Core and SDD B2B

2 November 2009

## TECHNICAL OPERATOR

SIA

## SETTLEMENT

STEP2-T's design for settlement is based on simultaneous settlement on a gross basis of all payments included in a settlement window. Positions are settled on STEP2 Participants' TARGET2 RTGS accounts via the TARGET2 Ancillary System Interface (ASI)

## PARTICIPATION

SCT

**154** Participants

SDD CORE

**116** Participants

SDD B2B

**96** Participants

## LEGAL BASIS

- Identified as a SIPS under the ECB SIPS Regulation
- Compliant with the respective Scheme Rulebooks and Implementation Guidelines of the European Payments Council (EPC)

## FUNCTION

ACH Services processing SEPA Credit Transfers and SEPA Core and Business-to-Business Direct Debits offering full pan-European reach to all financial institutions that have adhered to the respective EPC Scheme Rulebooks

## REACH

SCT

Over 4,700  
Reachable BICs

SDD Core

Over 3,700  
Reachable BICs

SDD B2B

Over 3,200  
Reachable BICs

The STEP2 platform is fully interoperable with 15 other CSMs

## SPECIAL FACTS AND FEATURES IN 2019/2020

- Draft specifications of STEP2 Continuous Gross Settlement (CGS) mechanism

were published in November 2019

- The STEP2 Settlement Blueprint User Consultation

was conducted in April and May 2019

- STEP2 saw a high increase in participant numbers  
12 PSPs joined STEP2 SCT,  
7 PSPs joined STEP2 SDD Core  
and  
4 PSPs joined STEP2 SDD B2B

## AVERAGE DAILY VALUE

SCT  
€57.2 billion

SDD CORE  
€5.5 billion

SDD B2B  
€3 billion

## AVERAGE DAILY VOLUME

SCT  
**18**  
million transactions

SDD CORE  
**27.4**  
million transactions

SDD B2B  
344,816  
transactions



# RT1 Service

## 1 OVERVIEW

In its second full year of operation, RT1 saw a continued steep ramp-up in terms of participation and volumes right across Europe. EBA CLEARING maintained its focus on managing these substantial onboarding activities and on driving the development of system functionality and support tools through semi-annual system releases, in line with user needs. The Company also continued to contribute to industry initiatives geared at building a well-functioning real-time payment ecosystem

## 2 EVOLUTION OF RT1 VOLUMES AND PARTICIPATION

RT1 witnessed a significant volume increase throughout 2019, moving from 85,000 SEPA Instant Credit (SCT Inst) Transfers per day on average to over 470,000 by December 2019, with a daily average value of EUR 250 million.

The system passed the 100 million-transaction mark on 11 January 2020 and saw a new peak record on 31 March 2020 with 791,018 transactions settled on that day.

## 3 CONTINUOUS BUILD-UP OF SCT INST REACH ACROSS EUROPE

In these first two years of operation, RT1 also made considerable progress in building up pan-European reach for euro instant payments: By the end of 2019, RT1 expanded reach to over 2,300 payment service providers from 22 European countries, which were addressable

through the 59 participants connected to the platform. Throughout the year, the evolving RT1 reach corresponded to a coverage of 99% of the account-servicing PSPs adhering to the EPC SCT Inst Scheme.

Efforts have continued in 2020 to further support the onboarding of new participants as well as of technical service providers (TSPs) facilitating the connection to the RT1 System for a community of PSPs. The Company's TSP programme launched in 2017 has proven to be a key success factor in the RT1 ramp-up and has also significantly contributed to the creation of a euro instant payment ecosystem gathering PSPs, vendors, solution providers, network providers, payment system operators and central banks with the common objective of building up pan-European reach for the SEPA Instant Credit Transfer Scheme.

From day one, RT1 has provided cross-border connectivity for instant payments with the support of national clearing and settlement mechanisms (CSMs). The possibility for PSPs to leverage their technical connection to a local CSM for exchanging SEPA-wide instant payments via RT1 has helped the European payments industry to rapidly build up pan-European reach for instant payments. This set-up has allowed to establish robust, reliable and cost-effective connections across systems without introducing new risks or legal uncertainties with regard to the payment finality. By early 2020, EBA CLEARING had established connectivity with nearly all CSMs offering instant payments in Euro to provide them with pan-European reach for their local communities.

Furthermore, since the launch of the Eurosystem's pan-European TIPS Service in November 2018, RT1 Participants have been able to rely on the 'Instructing Party' functionality to have a single interface for sending and receiving transactions settling in RT1 or in TIPS.

## 4 SYSTEM DEVELOPMENTS IN 2019 AND OUTLOOK ON 2020

RT1 system functionality was further enriched in 2019 in close consultation with the RT1 users to optimally and quickly meet their evolving needs during the ramp-up phase. The June 2019 release focussed on enhancing the tools supporting the day-to-day operations and support processes. Changes included the automation of the interest calculation and collection as well as the addition of a second connectivity option for the TIPS 'Instructing Party' functionality.

The November 2019 release, already the fifth iteration, covered changes stemming from the SCT Inst Scheme Rulebook, enhancements to the controlled go-live procedure and several participant workstation improvements. Further improvements involved a new mechanism enabling the communication via real-time message broadcasts on any temporary unavailability in the system of a participant or an addressable PSP.

To maintain the necessary agility for the further development of the system during the ongoing instant payment ramp-up, EBA CLEARING has again scheduled two RT1 releases for implementation in 2020. In the second quarter, the maximum amount per transaction will be

increased to EUR 100,000 in line with the SCT Inst Scheme Rulebook changes. This release will also bring modifications to the 'Instructing Party' functionality reflecting relevant changes made to TIPS. The November 2020 release will include changes for the integration of RT1 liquidity information into EBA CLEARING's cross-service liquidity dashboard. The release will also introduce a new optional field allowing participants to exchange additional data on the transaction within a closed user group in order to support the receiving PSP in performing fraud detection and other checks with regard to incoming transactions.

## 5 CONTRIBUTION TO INDUSTRY DEBATES

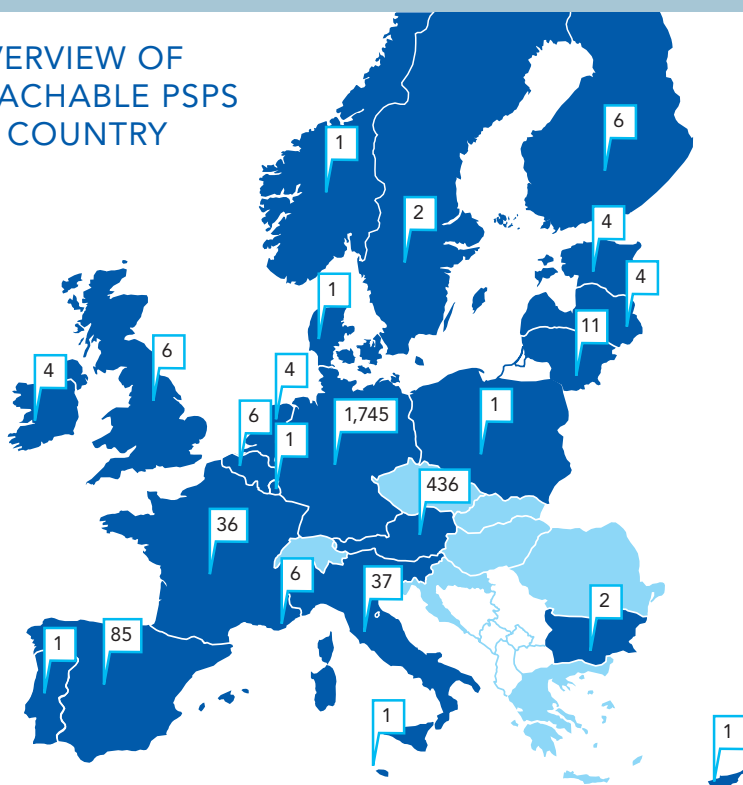
EBA CLEARING has been fostering an open exchange on real-time payment matters with other industry players and stakeholders, participating in the AMI-Pay, the ECB's advisory group on market infrastructures for payments. The Company is also a member of the EPC Scheme Technical Forum (ESTF) and the EPC Scheme Evolution and Maintenance Task Force (SEMSTF). EBA CLEARING further contributed to other industry bodies and fora, such as the Real-time Payments Group (RTPG; the group under the ISO 20022 standardisation body focussing on ISO messages for real-time payments) and the Global Real Time/Instant Payment Group.

# RT1 Service

The leading pan-European  
infrastructure for instant payments

KEY FACTS AND FIGURES  
STATUS: MARCH 2020

## OVERVIEW OF REACHABLE PSPS BY COUNTRY



## AVERAGE DAILY VOLUME

**507,605** transactions

## AVERAGE DAILY VALUE

**€ 237** million

## LIVE DATE

21 November  
2017

## TECHNICAL OPERATOR

SIA

## FINALITY

Transactions are processed in real time and settled with instant finality in the system. Participants maintain a position in the system, which is adjusted upon release of each payment transaction. The position of each participant is funded in central bank funds.

## REACH

RT1 extends reach to close to 2,400 payment service providers from 23 EU countries,

which are addressable via the 60 participants connected to the service



## LEGAL BASIS

- Full compliance with the SEPA Instant Credit Transfer (SCT Inst) Rulebook and Implementation Guidelines of the European Payments Council (EPC), including validation
- Fully protected by the Settlement Finality Directive

## FUNCTION

### Pan-European 24/7/365 real-time payment system

open to any account-servicing payment service provider (AS-PSP) adhering to the EPC SCT Inst Scheme

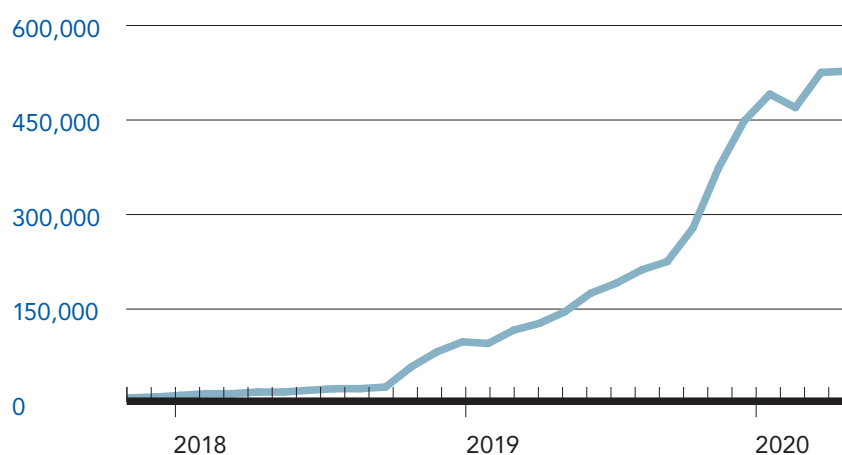
## SPECIAL FACTS AND FEATURES IN 2019/2020

- New peak record:  
791,018 transactions  
processed on 31 March 2020
- RT1 passed the  
100 million-transaction mark  
on 11 January 2020
- 23 new participants  
connected to RT1,  
bringing the participant number to 60

## PARTICIPATION

**60** Participants

## EVOLUTION OF AVERAGE DAILY VOLUME OF PAYMENTS PROCESSED



# Other Services

## STEP2 Card Clearing Service



Throughout the period under report, the STEP2 Card Clearing (STEP2 CC) Service provided a reliable service for the clearing and settlement of preauthorised card-based transactions based on the SEPA Card Clearing Framework defined by the Berlin Group. The Berlin Group is a pan-European payments interoperability standards and harmonisation initiative of 26 major payments industry players from over 20 countries in and beyond the Eurozone with the primary objective of defining open and common scheme- and processor-independent standards in the interbanking domain.

The STEP2 CC Service handled on average over 9.93 million transactions per day in 2019. STEP2 CC is currently used by seven participants for debit card transactions under the German girocard scheme. In December 2019, the daily average reached 12.39 million transactions, representing a growth of 12.52% compared to December 2018.

Its pan-European design, and the fact that it enables users to reap synergies from the reuse of the interbank infrastructure and bank-internal interfaces they put in place for SEPA, make STEP2 CC well-suited for the onboarding of card-initiated payments from other communities in Europe.

## SYSTEM DEVELOPMENTS IN 2019 AND 2020

The 2019 release for STEP2 CC consisted only of improvements to the direct participant work station and the routing tables, in line with the changes delivered for the STEP2 SEPA Services.

For 2020, there are currently no changes expected.



# STEP2 Card Clearing Service

An ISO 20022-compliant system for settling card-initiated payments

KEY FACTS AND FIGURES  
STATUS: MARCH 2020

LIVE DATE

14 April 2015

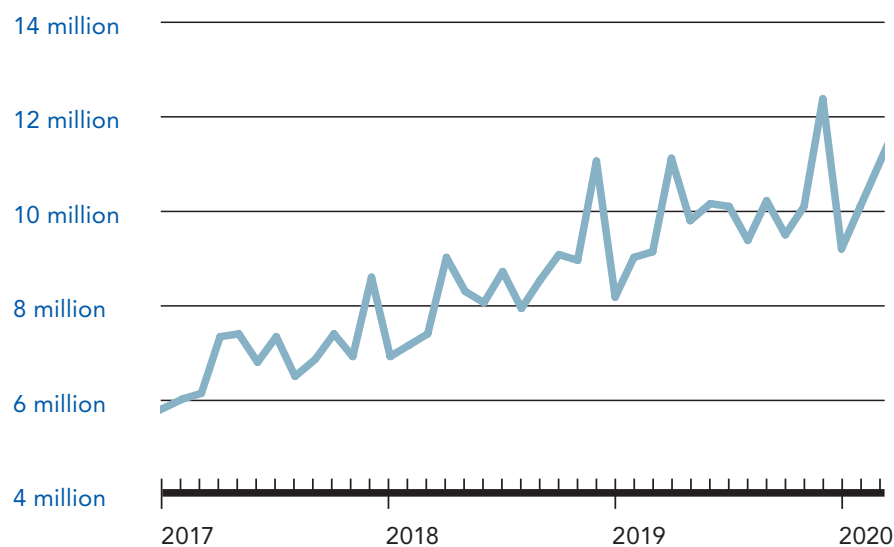
TECHNICAL OPERATOR

SIA

SETTLEMENT

Positions are settled in TARGET2 via the Ancillary System Interface (ASI)

## EVOLUTION OF AVERAGE DAILY VOLUME OF PAYMENTS PROCESSED



## LEGAL BASIS

Compliant with the SEPA Card Clearing Framework as developed by the Berlin Group, a group of major players in the cards industry from 20 European countries

## FUNCTION

High volume, commercial and retail euro clearing service

for pre-authorised card messages based on a direct debit collection mechanism

capable of routing card clearing messages between the participants

## REACH

Close to 2,000 Reachable BICs.

Full reach for the clearing of pre-authorised girocard transactions in Germany

through interoperability with the SCC Service offered by Deutsche Bundesbank.

## SPECIAL FACTS AND FEATURES IN 2019/2020

- New volume record:  
27.5 million payments  
settled on 23 April 2019
- In 2019, STEP2 CC saw a traffic growth of 18.11%

## PARTICIPATION

7

Participants

## AVERAGE DAILY VOLUME

11

million transactions

## AVERAGE DAILY VALUE

€529

million

# SEDA – SEPA-compliant Electronic Database Alignment

EBA CLEARING's SEPA-compliant Electronic Database Alignment (SEDA) Service allows financial institutions to exchange, process and route mandate-related information according to business rules specified by the Italian Banking Association (ABI). It is currently mainly used by Italian banks to exchange mandate-related information connected to SEPA Direct Debits.

## CONTINUED VOLUME INCREASE FOR SEDA SERVICE

SEDA saw very steady volumes throughout 2019 with a monthly average of 8.8 million mandate-related information messages.

# SEDA

A mandate information  
exchange service  
for SEPA Direct Debits

## KEY FACTS AND FIGURES STATUS: MARCH 2020

### LIVE DATE

14 October 2013

### TECHNICAL OPERATOR

SIA

### SETTLEMENT

Compliant with rules and guidelines  
developed by the Italian Banking  
Association (ABI)

### FUNCTION

The purpose of SEDA is to exchange,  
process and route mandate-related infor-  
mation between two financial institutions  
according to the business rules specified by  
the Italian Banking Association (ABI).

### PARTICIPATION

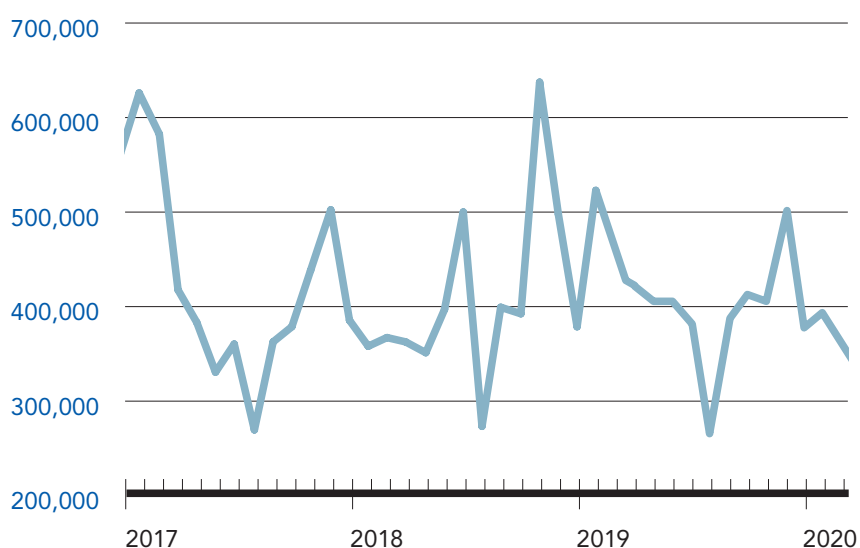
33

Participants

### REACH

Full reach of  
all banks that  
offer SEDA

### EVOLUTION OF AVERAGE DAILY VOLUME OF MESSAGES PROCESSED





# Operations

EBA CLEARING's Operations are spread across several sites located in different countries. They focus on the business administration and monitoring of the EURO1, STEP1, STEP2 SEPA, RT1, STEP2 CC and SEDA Services.

Core activities include clearing and settlement, service monitoring, customer support, crisis and incident management, business continuity, data and statistical reporting, operational IT management, integration services for new products and functionalities, integration of new participants as well as release and resilience testing activities.

All EBA CLEARING Services continued to run smoothly during the COVID-19 pandemic-related lockdown periods across Europe with no noticeable impact on daily operations, in accordance with measures deployed as part of the Company's Business Continuity Plan.

## 1 CLEARING AND SETTLEMENT

The systems operated by EBA CLEARING performed in line with the highest resilience and security standards during the period under report.





The service availability of all EBA CLEARING payment services was uninterrupted from January to December 2019. Furthermore, the validation and settlement of payment instructions were carried out smoothly on a daily basis, including peak volume days.

## 2 INCIDENT MANAGEMENT

The Company's incident management processes allowed the accurate and timely handling of the few incidents that occurred in 2019. The incident reporting processes for the EURO1, STEP2 SEPA, RT1 and STEP2 CC Services are in line with oversight requirements.

On 1 January 2019, EBA CLEARING implemented a new major incident reporting framework for operational and security incidents in retail payment systems as part of the Eurosystem's revised Oversight framework for retail payment systems. The new framework is applicable to the STEP2 SEPA, STEP2 CC and RT1 Services. For EURO1, the reporting criteria adopted by the Eurosystem in the Oversight Guide for Systemically Important Payment Systems continue to apply.

The incident management arrangements of EBA CLEARING are reviewed and tested regularly to maintain best-in-class services and processes.

### 3 BUSINESS CONTINUITY AND RESILIENCE EXERCISES

EBA CLEARING conducts a significant number of business continuity exercises on an annual basis in co-operation with service participants and key providers to strengthen the business resilience and preparedness of all parties involved. The 2019 testing programme was completed successfully.

The testing programme for 2020 covers a total of 50 exercises involving participants and key providers as well as 172 internal tests. Testing has continued as scheduled during national lockdown periods related to the COVID-19 pandemic.

### 4 CUSTOMER SUPPORT

EBA CLEARING's customer support service provides a fully secured first point of contact for user queries. Via an emergency helpdesk available 24/7/365, EBA CLEARING gives practical support and assists users with inquiries related to their service participation and their operations.

The Company's interaction with its participants is supported by the EBA CLEARING customer portal, which enables user representatives to access online support tools as well as service-specific documentation and information.

To assess user satisfaction with the services provided by the Company, EBA CLEARING conducts an annual quality survey. The 2019 survey showed again very positive key results with an average user satisfaction rate of 4.0 (out of 5). EBA CLEARING was thus able to maintain its high average user satisfaction rate of 4.0 from the previous year.

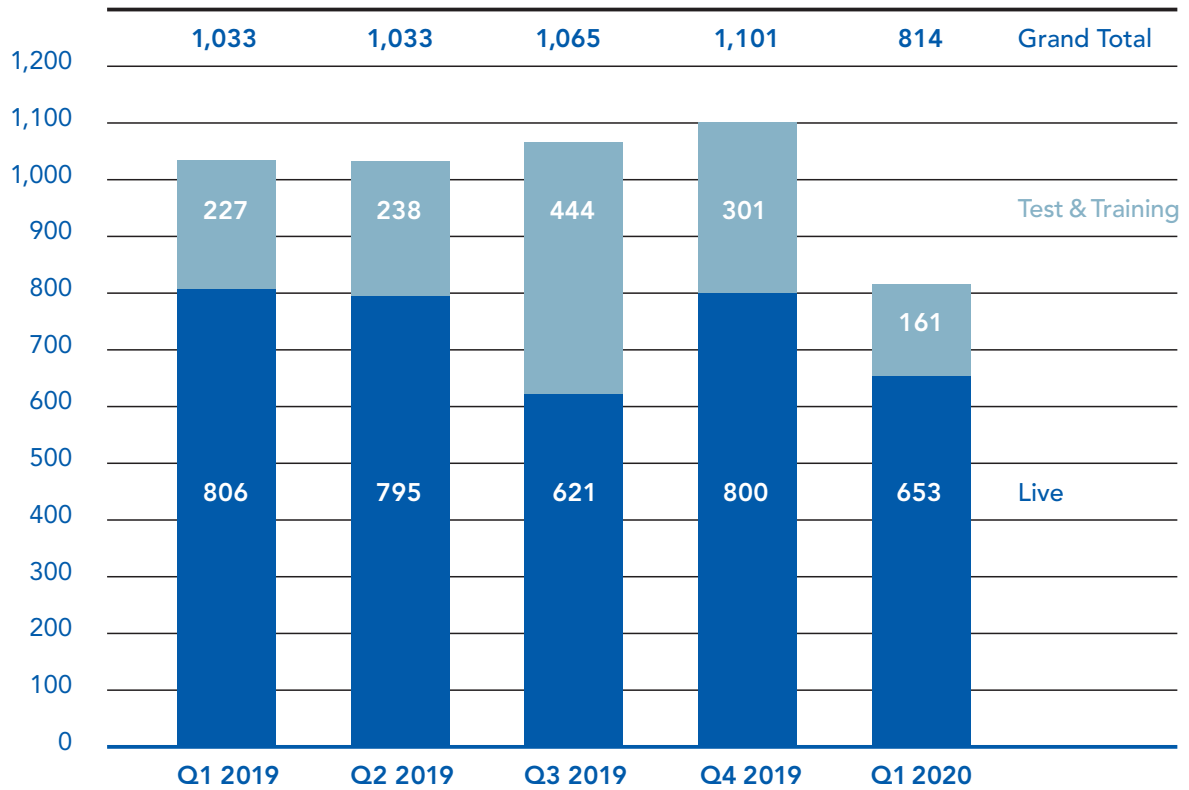
Users indicated that they were most satisfied with service communication, release management and admission/provisioning processes, business continuity and resilience testing, and the customer support helpdesk.

Based on the feedback received, EBA CLEARING is working on further improving the interaction with its users as part of the development and management of its services.

### 5 STATISTICS & DATA REPORTING

EBA CLEARING's statistics and data reporting services respond to a wide range of needs, including regulatory and oversight requirements as well as user requests for customised information.

## CUSTOMER SUPPORT CASES RAISED IN 2019 AND Q1 2020





# EBA CLEARING's Request to Pay Initiative

## 1 OVERVIEW

In 2019, EBA CLEARING kicked off the delivery of a pan-European Request to Pay Service (R2P) with the support of users from 11 European countries. The real-time messaging service is scheduled to go live in November 2020. Development work progressed in line with the project plan throughout 2019 and early 2020.

The Company's R2P Service will provide a thin real-time messaging infrastructure layer in the inter-PSP domain based on ISO 20022 messaging standards. This messaging layer is considered to be the missing link between the clearing and settlement infrastructure and the end-user solutions, from both of which it will remain separated. R2P is expected, in particular, to support the European payments industry in unlocking the full potential of instant payments for the creation of innovative value-added services.

## 2 PROJECT LAUNCH WITH SIGNIFICANT USER SUPPORT

Together with the R2P Task Force set up in November 2018, EBA CLEARING delivered a blueprint for a pan-European request to pay infrastructure solution to its user community in April 2019.

Request to pay is a broad term covering many scenarios where a payee takes the initiative to request a specific payment from the payer and request to pay solutions are aimed at further increasing certainty, transparency and convenience for payment service users making and receiving payments. The EBA CLEARING blueprint set out an infrastructure solution based on real-time messaging and aimed at accommodating both existing and future request to pay end-user products and services, regardless of the underlying use case.

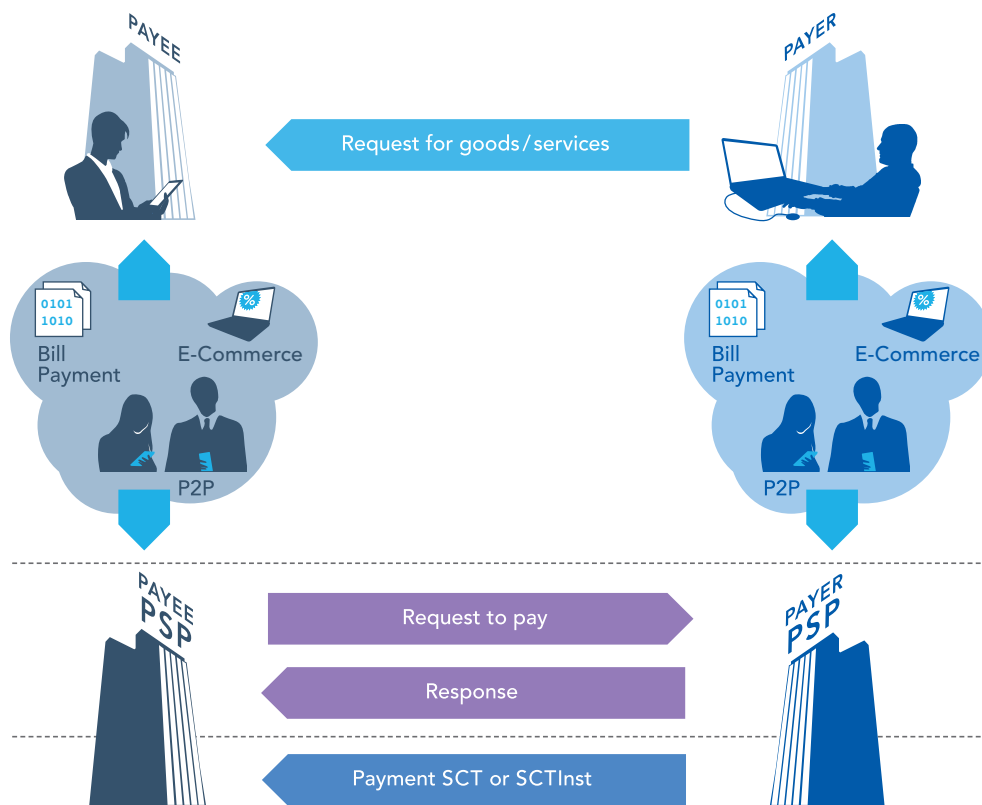
With a call for action following the positive user reaction to the blueprint, the Company rallied the support from 27 PSPs across 11 European countries for the creation and implementation of the proposed solution. The development project for the new service was launched by the EBA CLEARING Board in July 2019.

## 3 DEVELOPMENT ON TIME AND BUDGET

With the support of the funding PSPs, the specification phase and development of the R2P service started in the summer of 2019. In December 2019, the first version of the R2P service specifications were made available to PSPs intending to use the R2P Service and to their service providers planning to support them in this effort.

## SCOPE OF THE PAN-EUROPEAN R2P MESSAGING SOLUTION

Standardised interaction for PSPs and maximum flexibility for end-user payment solutions



### 4 OUTLOOK FOR 2020 AND BEYOND

R2P-related testing is planned to start in July 2020. In the run-up to the November 2020 go-live of its service, EBA CLEARING will ensure its continued alignment with the EPC's Request to Pay Scheme, which is expected to be launched in November 2020 as well. EBA CLEARING has been contributing to the EPC's request to pay work stream as a member of the Request-to-Pay Multi-Stakeholder Group.

The R2P Service is expected to facilitate and accelerate new product developments across Europe since it is built on a four-corner model enabling the PSPs of the payer and of the payee to each develop their own end-user offerings catering to the needs of their respective customers. Its separation from both the end-user product layer and the clearing and settle-

ment infrastructure layer gives the service the flexibility to support the two main types of request to pay use cases:

- 'Approve Now' use cases, which imply a real-time dialogue between the payer and the payee, as exemplified by 'point of interaction' or e-commerce transactions
- 'Approve Later' use cases, where the two parties take action at different moments, as they do, for instance, in e-invoicing scenarios

Future service participants should be able to quickly leverage the performance and standards of the underlying real-time infrastructure to develop their own user applications and thereby generate revenue and unique user experiences for their customers. Given the versatility of the service, R2P is expected to be the next major evolution in the SEPA landscape and is considered as an important enabler of instant payments.

# Legal and Regulatory

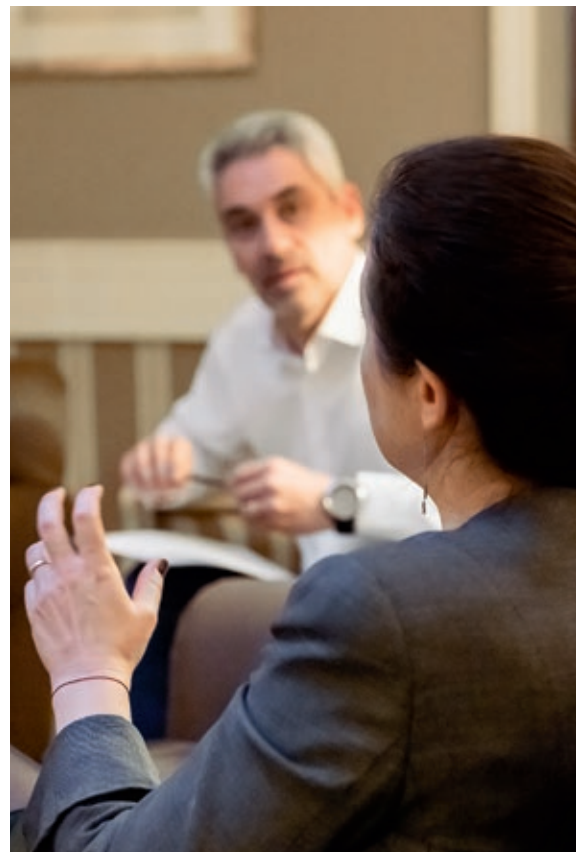
## 1 OVERSIGHT OF THE SIPS OPERATED BY EBA CLEARING

In August 2014, the Governing Council of the ECB identified the EURO1 and STEP2-T Systems as Systemically Important Payment Systems (SIPS) under the ECB Regulation on Oversight Requirements for Systemically Important Payment Systems (the SIPS Regulation).

In 2016, the ECB as lead Overseer (with the involvement of Eurosystem national central banks) carried out comprehensive oversight assessments of the EURO1 and STEP2-T Systems against the requirements of the SIPS Regulation. Since then, and throughout 2019 and early 2020, EBA CLEARING has worked closely with the Overseer to close all open recommendations from these assessments.

In addition, during 2019, the following dedicated oversight assessments were conducted:

- gap assessment against the revised SIPS Regulation for EURO1 and STEP2-T
- assessment against the Cyber Resilience Oversight Expectations (CROE)
- a change assessment of the Q4 2019 STEP2-T release (classified as minor)
- a change assessment of the Q4 EURO1 2019 release (classified as minor)





During the period under report, the Company completed the review process of a number of items as per its annual review calendar in line with the requirements of the SIPS Regulation. Progress is tracked closely by the Regulatory and Oversight Affairs team and reported to the Board on a frequent basis.

With respect to the continuous oversight cycle for EURO1 and STEP2-T in 2019, the Company was advised of planned oversight activities for 2019 at the beginning of the year. The activities were successfully completed and tracked closely through the regular meetings with the Overseer.

The Revised SIPS Regulation of 3 November 2017 was published in the Official Journal (OJ) of the EU on 16 November 2017 and entered into force on 6 December 2017 (20 days after publication in the OJ). The Revised SIPS Regulation foresaw a one-year transition period for compliance by SIPS Operators with the changed or new requirements (ending on 6 December 2018), save that for compliance with the new requirements regarding liquidity risk and credit risk an 18-month transition period was foreseen (ending on 6 June 2019).



The main areas of focus for EBA CLEARING as SIPS Operator of the EURO1 and STEP2-T Systems in view of compliance with the Revised SIPS Regulation relate to governance, liquidity and credit risk, and tiering risk (i.e. identification and monitoring of material dependencies between participants and entities that are not bound by the rules of the SIPS). In addition, the new Cyber Resilience Oversight Expectations (CROE) issued by the ECB in December 2018 have become part of the requirements on cyber resilience of the SIPS Regulation.

In the context of these revised SIPS requirements, notably for the credit and liquidity risks, EBA CLEARING took the opportunity to also assess the evolution of the STEP2-T design, in particular with regard to the settlement model. As a result, the Company developed the blueprint of the new STEP2 Continuous Gross Settlement mechanism (CGS) and its implementation plan. In this context, the Company shared a number of documents and held a series of discussions with the Overseer to ensure alignment of the new settlement model with the Revised SIPS Regulation.

In relation to the Cyber Resilience Oversight Expectations, EBA CLEARING undertook a comprehensive self-assessment against the CROE requirements – as applicable to its systems – and submitted a complete report of this self-assessment to the Overseer beginning April 2019. EBA CLEARING engaged in a dialogue with the assessment group throughout 2019 to share relevant information and ensure that the level of cyber maturity required for EBA CLEARING was well defined against the background that the Company has commissioned the operation of its services to its critical service providers.

## 2 OVERSIGHT OF THE STEP2 CC SYSTEM OPERATED BY EBA CLEARING

During the reporting period, periodic formal oversight meetings took place between Deutsche Bundesbank, the ECB and EBA CLEARING. Upcoming changes in relation to the STEP2 CC system are advised to Deutsche Bundesbank in view of a classification to determine whether changes would attract a dedicated oversight assessment. As no changes to the STEP2 CC System were scheduled or carried out during the reporting period, no change assessments were necessary.

## 3 OVERSIGHT OF THE RT1 SYSTEM OPERATED BY EBA CLEARING

In May 2017, the ECB notified EBA CLEARING of the decision of the Governing Council of the ECB to assign oversight competence for EBA CLEARING's new instant payment system, RT1, to the ECB. The ECB cooperates with the Eurosystem central banks on these activities.

RT1 has been classified as Other Retail Payment System (ORPS) as per the Revised Eurosystem Oversight Framework for Retail Payment Systems (RPSs). As from June 2018, the ECB carried out the comprehensive oversight assessment of RT1 against the CPMI-IOSCO Principles for Financial Market Infrastructures applicable to ORPS as outlined in the Revised Eurosystem Oversight Framework for RPSs. The closure report was shared with EBA CLEARING in January 2020.

During the course of 2019, regular formal oversight meetings have taken place between the ECB and EBA CLEARING in relation to RT1 oversight and a dedicated oversight assessment related to the ex post facto review of the RT1 Q4 2019 release was completed.

## 4 CYBER RESILIENCE

### CROE

The global guidance on cyber resilience for financial market infrastructures was published by the CPMI-IOSCO in June 2016. The Guidance has been developed to supplement the Principles for Financial Market Infrastructures (PFMIs), which the ECB Governing Council adopted on 3 June 2013 for the conduct of Eurosystem oversight in relation to all types of FMIs.

The Overseer further developed an oversight approach to assess the FMIs under their scope against the Guidance in the form of the CROE, which was issued in December 2018.

EBA CLEARING as an operator of SIPS and ORPS falls under the scope of the CROE for EURO1 and STEP2-T at the Advancing level and for STEP2 CC and RT1 at the Evolving level.

### TIBER

On 2 May 2018, the ECB published the European framework for Threat Intelligence-based Ethical Red Teaming (TIBER-EU), which is the first Europe-wide framework for controlled and bespoke tests against cyber-attacks in the financial industry. The TIBER-EU framework has been designed for national and European authorities and entities that form the core finan-

cial infrastructure, including entities with cross-border activities that fall within the regulatory remit of several authorities.

EBA CLEARING's SIPS fall under the scope of the TIBER-EU framework, which is why the Company has been in dialogue with the ECB as Competent Authority to plan the related exercises for EURO1 and STEP2-T throughout 2019 and 2020.

### ENDPOINT SECURITY

In May 2018, the CPMI issued its final strategy paper on reducing the risk of wholesale payments fraud related to endpoint security<sup>2</sup>. In July 2019, the Overseer communicated to EBA CLEARING a number of recommendations for the implementation of this strategy in EURO1.

Therefore, in the course of 2019, EBA CLEARING, after thorough discussion with its stakeholders, kicked off the implementation of the recommendations in December 2019. This included an amendment to the EURO1 Rules incorporating a requirement for participants to have adequate security controls and processes, and provide access to their compliance self-attestation against the SWIFT Customer Security Programme (CSP) to each other and the system operator, in the understanding that the responsibility for endpoint security remains with the participants.

<sup>2</sup> <https://www.bis.org/cpmi/publ/d178.pdf>  
(accessed on 29 May 2020)



## 5 LEGAL ADVISORY GROUP ACTIVITIES

Three meetings of the Legal Advisory Group (LAG) took place in 2019, two by conference calls on 15 January and 26 June and a physical meeting on 14 November. The first call was dedicated to reviewing amendments proposed to the system documentation for systems operating on the SIA platform, in particular to clarify the role of EBA CLEARING taking into account the General Data Protection Regulation (GDPR) as well as reviewing the technical clarifications brought to the EURO1 Rules to allow the continuation of participation in the EURO1 System in the case of a transfer of participation by a participant to a “reorganisation entity”.

In June, the LAG reviewed the EURO1 German law country opinion in view of its finalisation prior to submission to the Overseer; it also discussed possible adjustments to system rules in order to bring additional transparency on the role of EBA CLEARING as business administrator of systems whose technical infrastructure is commissioned and on-provided from third-party service providers.

On the evolution of STEP2 to continuous gross settlement, the LAG was updated on exchanges with the Overseer and held specific discussions in June and November on the modernisation of the legal documentation and the key concepts underpinning the new settlement model. The LAG also discussed and was consulted on the introduction of endpoint security principles in the EURO1 Rules as well as on certain impacts of the Brexit transition period for the systems.



Further consultations of the Group by correspondence took place to review changes to the legal documentation implementing release changes for STEP2 and RT1.

## DEVELOPMENTS IN 2020

On 6 February 2020, a meeting of the Legal Advisory Group took place to discuss the draft legal documentation for the implementation of CGS in STEP2, a possible evolution of the RT1 participation model in relation to participation of banking groups and the approach for the legal documentation of the future request to pay service, R2P.

## 6 PUBLIC CONSULTATIONS

EBA CLEARING replied to the public consultation on the ECB's draft decision based on Article 21 of the SIPS Regulation, on the procedure and conditions for exercise by a competent authority of certain powers in relation to the oversight of SIPS. The consultation took place between 8 March and 12 April 2019. In July 2019, the ECB issued the final decision, which details the Overseer's investigation and inspection powers inspired from principles applicable for other authorities in the financial sector.

The ECB has made available a summary of the responses<sup>3</sup> to the consultation.

<sup>3</sup> [https://www.ecb.europa.eu/pub/pdf/other/ecb~f8416c96d5.response\\_public\\_consultation\\_draft\\_ECB\\_Decision\\_under\\_art21\\_revised\\_SIPS\\_regulation.pdf?511e0bb453f95a977473d5799daf58db](https://www.ecb.europa.eu/pub/pdf/other/ecb~f8416c96d5.response_public_consultation_draft_ECB_Decision_under_art21_revised_SIPS_regulation.pdf?511e0bb453f95a977473d5799daf58db) (accessed on 29 May 2020)



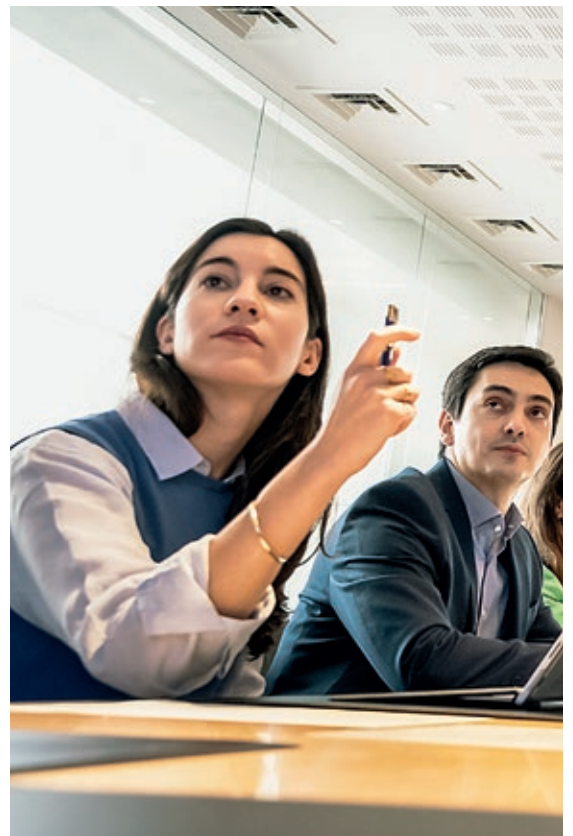
# Risk Management, Business Continuity and Information Security

## 1 INTERNAL DEVELOPMENTS

Throughout 2019, the Risk Management function was duly sustained, as part of the Company's 'second line of defence'. It was assured that all tools and methodologies were maintained in line with best industry practice and oversight requirements. In addition, efforts continued to keep the level of risk awareness and understanding high among the Company's Board members, management and staff.

Simultaneously, the Enterprise Risk Management Framework was well maintained as confirmed by independent assessments of its appropriateness.

A regular dialogue took place with the Board Risk Committee (BRC) with a view to assessing and mitigating the Company's ongoing and newly emerging risks.





## DEDICATED CYBER SECURITY-RELATED ACTIVITIES

Throughout the period under report, cyber resilience remained a prominent focus of the Risk Management function. In order to keep pace with its rapid evolution, threat intelligence and red-team providers of high reputation were engaged to conduct information collection and test exercises. Furthermore, regular penetration testing was performed as part of the Company's business continuity test plan. During the year, the interaction within the Company's Cyber Security Operations Centre (C-SOC) was further strengthened. In addition, new cyber security-related initiatives were coordinated with the Company's critical service providers.

The above-mentioned work strands are aimed at achieving the highest possible levels of security proportionate to the scope of the Company's activities and its size. The Board of EBA CLEARING was regularly updated on the status of the Company regarding the Cyber Resilience Oversight Expectations (CROE) for financial market infrastructures and Threat Intel Based Ethical Red (TIBER) teaming requirements. The Company's self-assessment against the relevant CROE requirements was completed and submitted to the Overseer in April 2019. The Board was also provided with direct reports by the Chief Information Security Officers of the Company's critical service providers.

Moreover, EBA CLEARING continued to actively participate in various cyber-related initiatives and exercises organised, among others, by the Committee of Payments and Market Infrastructures (CPMI), the Financial Stability Board (FSB), Banque de France (G7 exercise) and the EURO Cyber Resilience Board (ECRB).



More specifically, significant steps were made throughout 2019 by the ECRB to establish a pan-European threat intelligence and information sharing platform, which is scheduled to be deployed in 2020.

## 2 ECOSYSTEM RISKS

Throughout 2019, EBA CLEARING continued to monitor the external risk factors within the scope of its risk universe, to assess their potential impact on the Company's services. This work was pursued under the guidance of the BRC and in dialogue with the Company's critical service providers, the Company's users and third-party advisors.

## 3 RISK INFORMATION SESSIONS

As in previous years, the broader topic of enterprise risk management was a key item on the agenda of multiple bilateral user visits and country group meetings throughout 2019, with a focus on EBA CLEARING's mission, vision, and strategy with regard to risk. Special attention was given to the evolution of cyber risk management.

## 4 BUSINESS CONTINUITY MANAGEMENT SYSTEM

Geared at ensuring continued service to its users, the maintenance and evolution of EBA CLEARING's Business Continuity Management System (BCMS), which is aligned with the international ISO 22301 standard, continued to be a top priority during the period under report. The BCMS covers all of the Company's capa-

bilities, i.e. policies, plans, procedures, processes, structures, tools and people, necessary to maintain and further strengthen the business continuity capabilities and resilience of the Company's services and activities. In line with industry best practice, a strong focus was put on the organisation and timely execution of the business continuity tests plan, including tests in co-operation with the Company's critical service providers.

## 5 INFORMATION SECURITY

At the end of 2018, EBA CLEARING's Information Security Management System had been re-certified against the ISO 27001 standard for another three years until 2022, confirming the Company's continued compliance with the requirements of the standard. The ISO 27001 standard is designed to ensure the selection, implementation and maintenance of adequate and proportionate security controls to protect an organisation's information assets and give the necessary confidence to all stakeholders. The successful re-certification was followed, in late 2019, by the positive outcome of a formal surveillance audit, which had zoomed in on the effectiveness of the Information Security Management System (ISMS) throughout the Company.

Throughout the period under report, the Company's Information Security Coordination Group, which is composed of information security coordinators of each unit, continued to meet frequently to discuss any new developments and to stay focussed on further strengthening the Company's information and cyber security risk awareness, culture, and controls.

# Internal Audit



EBA CLEARING's Internal Audit function was maintained in line with best practice and continued its mission as the 'third line of defence' within the Company during the period under report.

The Company's audit strategy and planning for 2019 was established under the guidance of the Audit and Finance Committee (AFC), with which an open dialogue on all audit-related matters was maintained throughout the year. In line with the annual audit plan, various internal and external audits were completed in 2019 as scheduled.

Audit assessments of the Company's critical service providers took place during the period under report. The results have provided the necessary assurance to the Company.



# Corporate Governance

## 1 BOARD OF DIRECTORS

### A BOARD COMPOSITION

The Company's by-laws stipulate that the Company is managed by a Board composed of not more than seventeen (17) members including the Chairman, the Deputy Chairman and up to two (2) but not less than one (1) Outside Director who are appointed *intuitu personae* by Ordinary Shareholders Resolutions for a renewable three-year term.

The number of Board members was set at sixteen (16) including one (1) Outside Director by the Shareholders Meeting on 17 June 2019.

Since the Shareholders Meeting on 17 June 2019, during which were elected for a three-year term of office Petia Niederländer as Chairman, Robert Heisterborg as Deputy Chairman, Carl Tilkin-Franssens as Outside Director, and three other Board members, i.e. Niklas Lemberg, Frantz Teissèdre and Stefan Wloch, the changes to the membership of the Board have been the following:

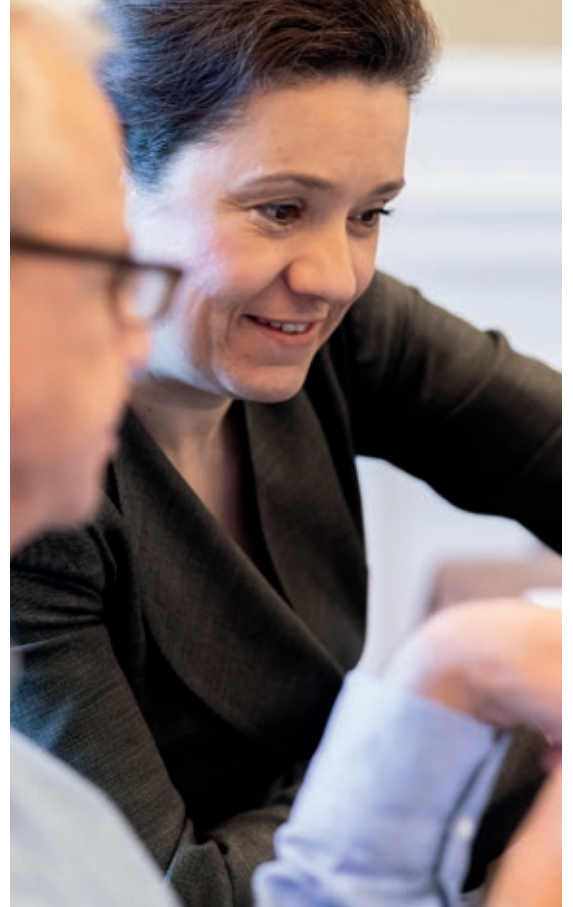




- Effective 14 February 2020, the Board, upon proposal by the Nomination and Governance Committee, co-opted Ivo De Meersman as Board member to fill the vacancy following the resignation of Jutta Cammaer.

The appointment of the Board member co-opted by the Board will be submitted this year to the shareholders for ratification through an Annual Ordinary Shareholders Resolution.

EBA CLEARING has currently 49 shareholders, each holding one share of EBA CLEARING and having one vote at the Shareholders Meetings and/or at any consultation of the shareholders by correspondence. All the current members of the Board, other than the Outside Director, are employees or officers of EBA CLEARING Shareholders, and are considered to be independent since none of the shareholders have a controlling stake in EBA CLEARING.



Board members, other than the Outside Director(s), shall be elected from among employees or officers of the shareholders. The policy for the nomination of candidates to the EBA CLEARING Board of Directors (the Board Nomination Policy) sets the framework for the Board members' nomination process. The Nomination and Governance Committee of the Board maintains a Board target profile to track the desirable collective attributes for ensuring an appropriate mix of technical skills, knowledge and experience on the Board, and assists the Board in ensuring that the Board's composition allows the Board to fulfil its respective roles and responsibilities.

In 2019, the Board undertook a fifth review of its effectiveness. In accordance with EBA CLEARING's Board Evaluation Policy and Methodology, a review of the Board's overall performance and the performance of its individual Board members is conducted on an annual basis.

The members of the Board, other than the Outside Director(s), do not receive any director's fees, but are reimbursed for the travel expenses incurred in the discharge of their duties for the Company.

This year the shareholders will be asked through an Annual Ordinary Shareholders Resolution to proceed with the election of five Board members.

## B BOARD ROLE AND RESPONSIBILITIES

The Board is responsible for setting the strategic direction, overseeing management and adequately controlling the Company, with the ultimate aim of directing the Company towards the fulfilment of its strategic aims and long-term objectives.



## C BOARD MEETINGS

The following Board meetings took place in 2019 and in 2020 to the date of this report:

- 26 and 27 February 2019
- 25 April 2019
- 10 May 2019
- 24 May 2019
- 9 July 2019
- 9 October 2019
- 27 November 2019
- 18 and 19 February 2020
- 31 March 2020
- 22 April 2020
- 27 May 2020



## OVERVIEW OF BOARD MEMBERS WHO HELD OFFICE IN 2019 – 2020



**Chairman  
of the Board**  
**Petia Niederländer**  
**ERSTE Group Bank AG**  
Head of Group Retail &  
Corporate Operations

Appointed on 17.06.2019  
End of term of office:  
SHM 2022  
Chair of the Nomination and  
Governance Committee  
Chair of the Remuneration  
Committee



**James Barclay**  
**JP Morgan Chase Bank N.A.**

Executive Director  
Wholesale Payments EMEA  
Appointed on 19.06.2017  
End of term of office: SHM 2020



**Jutta Cammaer**  
**KBC Bank N.V.**

General Manager Payments  
for Corporates  
Appointed on 19.06.2017  
End of term of office:  
01.01.2020

**Ivo De Meersman**  
**KBC Bank N.V.**

General Manager Payments Belgium  
Appointed on 14.02.2020  
End of term of office: SHM 2020



**Daniela Dell'Arciprete**  
**Intesa Sanpaolo S.p.A.**

Head of Corporate and Financial  
Institutions Sales and Network  
Management  
Appointed on 11.06.2018  
End of term of office: SHM 2021  
Chair of the Board Risk  
Committee



**Christian Rhino**  
**Commerzbank AG**

Divisional Board Member  
Group Banking Operations  
Appointed on 06.06.2016  
End of term of office:  
SHM 2019



**Stefan Wloch**  
**Commerzbank AG**

Corporate Clients  
Transaction Banking  
Cluster Payments  
Appointed on 17.06.2019  
End of term of office: SHM 2022



**Luis Pedro Simões**  
**Novo Banco S.A.**

Co-Head of Payment Operations  
Appointed on 11.06.2018  
End of term of office: SHM 2021  
Chair of the Audit and Finance  
Committee



**Raouf Soussi Laghmich**  
**BBVA S.A.**

Head of Global Product for  
Treasury Solutions  
Appointed on 11.06.2018  
End of term of office: SHM 2021





Deputy Chairman  
of the Board  
**Robert Heisterborg**  
ING Wholesale Bank  
CEO Bank Mendes Gans

Appointed on 17.06.2019  
End of term of office: SHM 2022

Chair of the Strategy  
and Policy Committee



**Christof Hofmann**  
Deutsche Bank AG

Global Head of Payments and  
Collection Products,  
Corporate Cash Management

Appointed on 18.12.2018  
End of term of office: SHM 2020



**Niklas Lemberg**  
Nordea Bank Abp

Head of Payment Industry

Appointed on 17.06.2019  
End of term of office: SHM 2022

Chair of the STEP2 Business  
Committee since 01.01.2019



**Kirstine Nilsson Edström**  
Swedbank AB (publ)

Head of Business Infrastructure  
GCP & GCM

Appointed on 11.06.2018  
End of term of office: SHM 2021



**Michele Olin**  
Allied Irish Banks, p.l.c.

Head of Payments  
RCB Digital Products and  
Payments

Appointed on 24.12.2018  
End of term of office: SHM 2021



**Fabio Stragiotto**  
UniCredit S.p.A.

First Vice President – Payments  
Global Transaction Banking

Appointed on 19.06.2017  
End of term of office: SHM 2020



**Frantz Teissèdre**  
Société Générale S.A.

Head of Interbank Relationships

Appointed on 17.06.2019  
End of term of office: SHM 2022

Chair of the EURO1 Business  
Committee since 01.01.2019



**Narinda You**  
Crédit Agricole S.A.

Payment Services  
Head of Strategy and  
Interbank Relations

Appointed on 19.06.2017  
End of term of office: SHM 2020



**Carl Tilkin-Franssens**  
Outside Director

Appointed on 17.06.2019  
End of term of office: SHM 2022

## EBA CLEARING BOARD COMMITTEE MEMBERSHIP IN 2019 – 2020

	Audit and Finance Committee	Board Risk Committee	Strategy and Policy Committee	Nomination and Governance Committee	Remuneration Committee
Number of meetings in 2019	5	5	4	7	2
Petia Niederländer		Observer	Observer	Chair	Chair
Robert Heisterborg		Member	Chair		Member
James Barclay			Member	Member	
Jutta Cammaer		Member (until 01.01.2020)			
Daniela Dell’Arciprete		Chair			
Christof Hofmann			Member (since 01.04.2019)		
Niklas Lemberg					
Kirstine Nilsson Edström	Member				
Michele Olin		Member (since 14.02.2020)			
Christian Rhino		Member (until 17.06.2019)			
Luis Pedro Simões	Chair			Member	
Raouf Soussi Laghmich					
Fabio Stragiotto	Member			Member	
Frantz Teissèdre					
Carl Tilkin-Franssens		Member (since 14.2.2020)			
Stefan Wloch					
Narinda You	Member		Member		

## 2 BOARD COMMITTEES

### A INTRODUCTION

In 2019, the Board was supported by five Board Committees, composed of Board members, in carrying out its functions: the Audit and Finance Committee, the Risk Committee, the Strategy and Policy Committee, the Nomination and Governance Committee, and the Remuneration Committee.

### B AUDIT AND FINANCE COMMITTEE

The Audit and Finance Committee (AFC) assists the Board in fulfilling its oversight responsibilities for setting out the policy and the guidelines for the internal and external audit of the Company, for defining and monitoring the internal audit requirements and the tasks entrusted to the external auditors, and for reviewing and monitoring the financial situation of the Company.

To this end, the AFC regularly reports on its activities to the Board and

- examines the annual and interim statutory and consolidated financial statements of EBA CLEARING submitted by the Company's management, prior to their examination by the Board. As part of these tasks, the committee reviews and analyses the budget variance, forecast and financial statements;
- gives its opinion on the development of the internal audit function, determines the internal audit plan and receives a summary of the internal audit reports on a regular basis;

- reviews the key audit findings from the report of the Company's statutory auditors

The AFC met five times in 2019. Its work particularly focussed on the following items:

- regular review of the predefined key performance indicators for finance and for audit, including analysis against budget to adapt the 2019 forecast, cashflow projections and outlook;
- examination of the statutory and consolidated financial statements for 2019 in view of their closing in 2020 and review of the 2020 budget and capital investment plan;
- examination of the external auditors' reports;
- guidance on further standardisation of reporting and on alignment of reports provided to different governance bodies
- review of the internal audit 2019 activity report and approval of the internal audit plan for 2020;
- ensuring that the Highly Liquid Assets (HLA) reserve was at the appropriate level at all times during 2019, in line with SIPS requirements;
- monitoring of the status of EBA CLEARING's project to upgrade, standardise and improve its financial toolset and processes;
- review of the Company's Treasury and Investment Policy for subsequent endorsement by the Board.

## C BOARD RISK COMMITTEE

The Board Risk Committee (BRC) assists the Board in fulfilling its oversight responsibilities with regard to the risk tolerance of the Company and the risk management and compliance frameworks.

The BRC is composed of Board members designated by the Board; meetings of the BRC are attended by the Company's Chief Executive Officer, the Chief Risk Officer and the Head of Regulatory Oversight Affairs.

Four regular BRC meetings took place in 2019. One additional BRC meeting was held on the topic of Brexit and its possible impact on the services of EBA CLEARING. Throughout the period under report, cyber-security evolutions and considerations as well as and regulatory oversight expectations remained high on the agenda. As a result, the BRC regularly advised the Board on progress in these fields in close co-operation with delegates from the Company's most critical service providers.

In line with its mission, the BRC also monitored the maintenance of the Company's Enterprise Risk Management Framework and the follow-up of outstanding risks in accordance with the Company's Risk Treatment Plan. The BRC received reports on the top actual and emerging risks and monitored the follow-up actions relating thereto.

It is expected that cyber-related risks and regulatory oversight expectations will remain prominently on the agenda of the Committee throughout 2020.

## D STRATEGY AND POLICY COMMITTEE

The Strategy and Policy Committee (SPC) addresses the longer-term planning for the positioning and the development of the Company, its payment infrastructure systems and solutions as well as potential new service offerings. In 2019, the Committee met four times.

In 2019 and early 2020, the SPC provided guidance on three focal areas:

- transformation and future positioning of the EURO1 and STEP2 SEPA Services in light of evolving user needs and oversight requirements
- positioning and further development of the RT1 System
- launch and progress of a project to develop and implement a pan-European Request to Pay (R2P) messaging infrastructure service

In detail, the SPC closely accompanied the Company's evaluation and decision-making process with regard to the creation of a pan-European R2P infrastructure solution. Following the launch of the R2P Service development project in July 2019, the SPC continued to give guidance on the different steps of the project and the strategic positioning of the future service in the European ecosystem.

Throughout the period under report, the SPC also had regular exchanges on the planning for the EURO1 ISO 20022 migration and the move of the STEP2 SEPA community to a continued gross settlement model, providing guidance on the evolution of both systems. The SPC further gave direction on the development of RT1

in view of fostering the continuing ramp-up of the system and build-up of SCT Inst reach.

Other relevant strategic topics on which the SPC was consulted included considerations around cross-service alignment as well as oversight developments of strategic relevance. The Committee further considered the general future evolution of the Company's services based on a close monitoring of relevant developments and industry initiatives in the European and global payments ecosystem.

- nomination process for the election of five other Board members, including the Chairman and Deputy Chairman, at the Shareholders Meeting of 17 June 2019;
- changes in the composition of the Board Risk Committee and Strategy and Policy Committee;
- review of the Terms of Reference of the Remuneration Committee in relation to the appointment of an Outside Director;

## E NOMINATION AND GOVERNANCE COMMITTEE

The Nomination and Governance Committee (NGC) assists the Board in implementing and reviewing the nomination policy and process for Board members and the policy and methodology for Board and individual Board member evaluation. The NGC further monitors the effectiveness of the Company's governance framework. During 2019, seven meetings of the NGC were held.

The major topics addressed by the NGC in 2019 were related to changes to the composition of the Board and its Committees, including the appointment of an Outside Director in line with the approach agreed at the Shareholders Meeting on 11 June 2018 for establishing compliance with the new requirement of the Revised SIPS Regulation regarding the Board composition of a SIPS operator.

In relation to these changes, the NGC dealt with the following tasks in 2019:

- nomination process for the appointment of the Outside Director;

The NGC carried out a significant number of other tasks in 2019, including:

- review of the outcome and guidance on follow-ups of the annual Board performance evaluation for 2018;
- changes in the composition of the EURO1 Business Committee and the STEP2 Business Committee;
- changes in the composition of the Operations and Technical Group (OTG) and Treasury and Liquidity Group (TLG);
- review of the Recovery and Orderly Wind-down (ROWD) policy;
- review of the Code of Ethics and Business Conduct;
- review of the Board Target Profile 2019/2020, and of corresponding changes to the Board Nomination Policy;
- review of the Corporate Governance Manual for Board members;





- Review of the Board Evaluation Policy and methodology;
- scoping and launch of the annual Board performance evaluation for 2019; and
- review of the Terms of Reference of the BRC and the NGC.

From January to mid-May 2020, the activities of the NGC were devoted to:

- the review of the outcome of the Board performance evaluation for 2019;
- the nomination process for the co-option of a replacing Board member;
- a further review of the NGC Terms of Reference;
- new changes in the composition of the STEP2 Business Committee;
- new changes in the composition of the Board Risk Committee;

- accompanying the nomination process for the candidates to fill the five seats on the Board, which will become vacant on the date of the approval by the Shareholders of the accounts of the fiscal year ending on 31 December 2019. In the context of this nomination process, the NGC reviewed the letter to the Shareholders inviting them to propose candidacies to the Board, screened the Board candidacies received, and prepared the “slate” for submission to the Board in view of the appointment of five Board members by the Shareholders.

## F REMUNERATION COMMITTEE

The Board is further assisted by the Remuneration Committee in establishing a sound remuneration framework, which fosters high performance and motivation of staff members in line with the resourcing strategy and the interests of the Company. The Remuneration Committee has delegated powers from the Board in these matters. In 2019, two meetings of the Remuneration Committee were held.



### 3 USER SAY GOVERNANCE

#### A RELATIONS WITH USERS

In order to ensure that all types of users are considered in the design and evolution of its systems and offerings, the Company maintains a broad range of communication channels with its (current and potential) users and other stakeholders. There are regular country or regional user meetings with the participation of all respective users and attended by EBA CLEARING executives, where ongoing activities and projects are discussed and feedback is registered.

In the context of specific projects, steering groups or task forces may be created to ensure efficient liaison throughout the project or initiative. For example, in September 2019, the Company created an R2P Project Working Group composed of representatives of institutions funding and supporting the development and implementation of the future request to pay infrastructure service by EBA CLEARING.

Furthermore, the Company organises individual user visits and, when appropriate or desired, roadshows and information campaigns.

#### B USER CONSULTATIONS FOR EBA CLEARING'S SYSTEMS AND SERVICES

The Company consults its users, communities of users and other stakeholders (as required) in the event of changes that affect the Company's services and/or service platforms. The consultation process on changes is, in principle, composed of the following steps: submission of proposals by or to the relevant stakeholders; evaluation of the proposals by the Company,

including technical feasibility and cost analysis; and submission of a proposal to the Board for decision on implementation of all or part of the recommended changes.

The user say governance for the different systems and services is designed to effectively respond to the stakeholders' needs for efficient organisation of the different groups and their remit.

To allow the Board and management to take account of the interests of the users in its decision-making in relation to the design, rules, overall strategy and major changes to the various systems and services, the Company has established the following user groups:

## I EURO1 BUSINESS COMMITTEE

Its objective is to serve as a forum in which participants in the EURO1 System can express their interests, requirements or proposals towards the Board of the Company. The EURO1 Business Committee is chaired by an EBA CLEARING Board member.

## II STEP2 BUSINESS COMMITTEE

Its objective is to serve as a forum for the participants in the STEP2 SEPA Services to express their interests, requirements or proposals towards the Board of the Company. The STEP2 Business Committee is chaired by an EBA CLEARING Board member.

## III RT1 WORKING GROUP

Its objective is to serve as a forum in which participants in the RT1 System can discuss and provide feedback on the development, change management and evolution of the RT1 Service, as well as related initiatives.

## IV STEP2 CC GROUP

Its objective is to serve as a forum in which participants in the STEP2 CC System can discuss and provide feedback on the development, change management and evolution of the service.

## V STEP1 USER ADVISORY GROUP

Its objective is to serve as a forum for the STEP1 user community and as a channel to express requirements or proposals to the Company's Board.

## C EXPERT GROUPS AND OTHER EXPERT FORA

The following Expert Groups have been established:

### I OPERATIONS & TECHNICAL GROUP (OTG)

Its mission is to analyse and review proposals and to formulate recommendations relating to operational, procedural, functional and technical aspects of the systems of EBA CLEARING.

### II LEGAL ADVISORY GROUP (LAG)

Its mission is to analyse and review proposals from a legal point of view and to formulate legal recommendations regarding the same. The LAG also assists in the monitoring of legal projects and formulates recommendations regarding the resourcing for given projects.

### III TREASURY AND LIQUIDITY GROUP (TLG)

Its mission is to act as an advisory expert group relating to the management and use of liquidity within the systems operated by EBA CLEARING.

Expert Groups provide expert advice for all systems for which a Business Committee is established and can be solicited for input in relation to other systems or services when required or appropriate.

The Company establishes other expert fora in accordance with identified needs. For example, a EURO1 Future Positioning Group was created in 2017 to assist in the analysis and review of options and the formulation of recommendations regarding the EURO1 System and its positioning and value proposition in the medium to long term.

## 4 OTHER STAKEHOLDERS

### POTENTIAL USERS AND OTHER STAKEHOLDERS

Apart from the consultation and coordination with user and expert groups mentioned above, the Company organises roadshows and information sessions for wider stakeholder groups when and where relevant. Consultations may also take place on an ad-hoc basis.

### OVERSEER AND POLICY STAKEHOLDERS

The Company's mission underpins its resolve to contribute to industry initiatives and to engage with industry and policy stakeholders, including regulators, overseers, the European Payments Council, standardisation bodies, and the constituencies entrusted with policy setting.

## 5 MANAGEMENT

Hays Littlejohn has been serving as CEO of EBA CLEARING since 1 May 2015.

The CEO is responsible for the day-to-day management of the Company, and delegates authorities to the Heads of Unit and staff of the Company. As per best practice and in line with the requirements of the SIPS Regulation, the Company has in place a set of codes and policies including a code of ethics, a remuneration policy and a policy on selection, monitoring and removal of members of management.

Prior to his role as CEO of EBA CLEARING, Hays Littlejohn held managerial and executive positions in global transaction banking at UBS AG. Having joined the Swiss bank in 1991, Hays covered a wide range of areas during his international career at UBS, including information technology, operations, trade finance, product management, relationship management, sales, business development and market infrastructures. Hays also served on the Board of CLS and, for more than 10 years, on the Board of EBA CLEARING.

## 6 COUNTRY REPRESENTATIVES



**Janina Grönholm**

Baltic Countries,  
Finland and Poland



**Eva Herskovicova**

Czech Republic, Hungary,  
Slovakia and Slovenia



**Katja Heyder**

Austria, Bulgaria, Croatia, Cyprus,  
Germany, Greece, Liechtenstein,  
Luxembourg, Malta, Romania,  
Spain and Switzerland



**Erwin Kulk**

Portugal



**Petra Plompen**

Belgium, United Kingdom  
and Ireland



**David Renault**

France



**Jette Simson**

Scandinavian Countries



**Daniela Vinci**

Italy



**André Vink**

The Netherlands



## 7 TRANSFER OF SHARES AND CHANGES IN SHARE CAPITAL OF EBA CLEARING

The following changes occurred in 2019 and in the first few months of 2020 as far as EBA CLEARING share capital and EBA CLEARING Shareholders are concerned:

- With effect as of 13 March 2019, Standard Chartered Bank AG became EURO1 Participant and EBA CLEARING Shareholder in replacement of Standard Chartered Bank.
- With effect as of 1 April 2019, Wells Fargo Bank NA withdrew as EURO1 Participant and as EBA CLEARING Shareholder.
- With effect as of 1 April 2019, Lloyds Bank Plc withdrew as EBA CLEARING Shareholder.

- With effect as of 2 December 2019, UniCredit Bank AG became EBA CLEARING Shareholder.

- With effect as of 9 March 2020, Eurobank Ergasias S.A. withdrew as EURO1 Participant and as EBA CLEARING Shareholder.

As of 31 December 2019, the share capital of EBA CLEARING amounted to EUR 50,000.

# Oversight of the Payment Systems of EBA CLEARING

## 1 OVERSIGHT OF EURO1 AND STEP2-T

The ECB Regulation (EU 795/2014) on Oversight Requirements for Systemically Important Payment Systems (the SIPS Regulation) amended in 2017 by EU Regulation 2017/2094 (the Revised SIPS Regulation), covers both large-value and retail payment systems of systemic importance, whether operated by Euro-system national central banks or private entities.

The SIPS Regulation implements the Principles for Financial Market Infrastructures (PFMIs), issued by CPMI and IOSCO in 2012, and applies to Systemically Important Payment Systems (SIPS) in the Eurozone. The system's importance is determined by an appraisal of financial impact, degree of market penetration, a system's cross-border activity and whether the system provides settlement for other financial market infrastructures.





No distinction is made for the application of the Regulation between large-value and retail payment systems. In 2014, STEP2-T and EURO1 were identified by decision of the Governing Council of the European Central Bank (ECB) as Systemically Important Payment Systems under the SIPS Regulation.

The EURO1 System is overseen by the ECB as Competent Authority, with voluntary participation by national central banks of the Eurosystem. EURO1 has been under oversight of the ECB since its launch. The STEP2-T System is also under the oversight of the ECB as Competent Authority with the participation by national central banks of the Eurosystem. Therefore, EBA CLEARING is in the unique position of being the SIPS Operator of two SIPS.



The ECB publishes on its website the list of systems that fall under the SIPS Regulation and of other classified systems. In line with the Revised Oversight Framework for Retail Payment Systems of the Eurosystem and with reference to the most current published list of payment systems according to the Eurosystem's payment system classification, a distinction is made in relation to retail payment systems between:

- Systemically Important Retail Payment Systems (SIRPS)
- Prominently Important Retail Payment Systems (PIRPS) and
- Other Retail Payment Systems (ORPS)

STEP2-T also classifies as a European Systemically Important Retail Payment System (ESIRPS).

## 2 DIALOGUE WITH THE OVERSEER AND OVERSIGHT ASSESSMENTS FOR SIPS

Formal oversight meetings between the ECB / Eurosystem and EBA CLEARING are scheduled to take place on a semi-annual basis with the participation of the CEO of the Company. Regular exchanges take place on any plans and upcoming changes in relation to topics within the scope of the SIPS Regulation.

Any change to the SIPS and ORPS that EBA CLEARING operates are subject to classification. In accordance to this classification, the Overseer determines whether changes to the systems require an ex ante or an ex post facto oversight assessment. The result of these change assessments is formally advised to EBA CLEARING by the Overseer. The Overseer further conducts comprehensive oversight assessments of the systems it oversees with a regular frequency.





The above is done in parallel to the continuous oversight activities by the Overseer on EBA CLEARING's SIPS. An annual plan for these oversight activities is established by the ECB and notified to EBA CLEARING at the beginning of each year.

### 3 OVERSIGHT OF STEP2 CARD CLEARING

The primary oversight responsibility for STEP2 CC is entrusted to the Deutsche Bundesbank as lead Overseer, with the participation of the ECB.

In accordance with the Revised Oversight Framework for Retail Payment Systems of the Eurosystem, the PFMI and the Oversight ex-

pectations for links between retail payment systems (OELRPS) form the core of the standards to be applied to retail payment systems other than SIRPS by the Eurosystem national central banks. Nine principles of the PFMI apply to both PIRPS and ORPS, of which six with the same level of strictness and three with a slight differentiation (namely Governance, Participant Default Rules and Procedures, and Access and Participation Requirements).

Formal classification of STEP2 CC as Other Retail Payment System is based on the market share of the system at euro area country level. Regular formal oversight meetings take place between Deutsche Bundesbank / ECB and EBA CLEARING. Upcoming changes in relation to the STEP2 CC system are advised to Deutsche Bundesbank in view of a classification to determine whether changes would attract a dedicated oversight assessment.



## 4 OVERSIGHT OF RT1

The primary oversight responsibility for RT1 has been assigned to the ECB, with participation by Eurosystem central banks.

Prior to the go-live in November 2017, the RT1 System was classified as Other Retail Payment System and to date, this classification remains applicable. Therefore, the oversight standards for ORPS are applicable to RT1.

Since 2018, regular formal oversight meetings take place between the ECB and EBA CLEARING. Upcoming changes in relation to the RT1 System are advised to the ECB in view of a classification to determine whether the changes would attract an ex ante or ex post facto assessment from the Overseer.

A comprehensive oversight assessment against compliance with the applicable Principles for Other Retail Payment Systems was carried out during 2018 for RT1.

## 5 EUROSISTEM CYBER RESILIENCE STRATEGY

The global Guidance on Cyber Resilience for Financial Market Infrastructures was published by the CPMI-IOSCO in June 2016. The Guidance has been developed to supplement the PFMI adopted by the ECB Governing Council on 3 June 2013 for the conduct of Eurosystem oversight in relation to all types of FMIs. FMIs

were required from an oversight perspective to apply the Guidance immediately, and overseers developed an oversight approach for assessing the FMIs within their jurisdiction against the Guidance.

To this effect, the ECB issued the Cyber Resilience Oversight Expectations (CROE) in December 2018. The CROE provides:

- FMIs with detailed steps on how to operationalise the Guidance
- Overseers with clear expectations to assess the FMIs for which they are responsible and
- a basis for a meaningful discussion between the FMIs and their respective overseers.

In May 2018, the CPMI issued its final strategy paper on reducing the risk of wholesale payments fraud related to endpoint security. The strategy is composed of seven elements aimed at encouraging and helping to focus industry efforts to reduce the risk of wholesale payments fraud and, in doing so, support financial stability. In July 2019, the ECB, in its role as Overseer of the EURO1 payment system, issued recommendations for the implementation of the strategy in the system and at the level of its participants.

# EBA CLEARING's Subsidiary PRETA



During the period under report, EBA CLEARING took note of the positive evolution of its fully-owned subsidiary, PRETA S.A.S., which for the fiscal year 2019 showed for the second time a profit, amounting to EUR 288 K. PRETA witnessed a steady growth in its MyBank Services throughout 2019 and early 2020 and has been seeing a continuous strong interest in its Open Banking Europe (OBE) initiative. MyBank kept increasing its market penetration throughout the period under report, particularly in Italy.

As planned, in April 2019, PRETA launched the onboarding process for its OBE directory, a pan-European, centralised and machine-readable

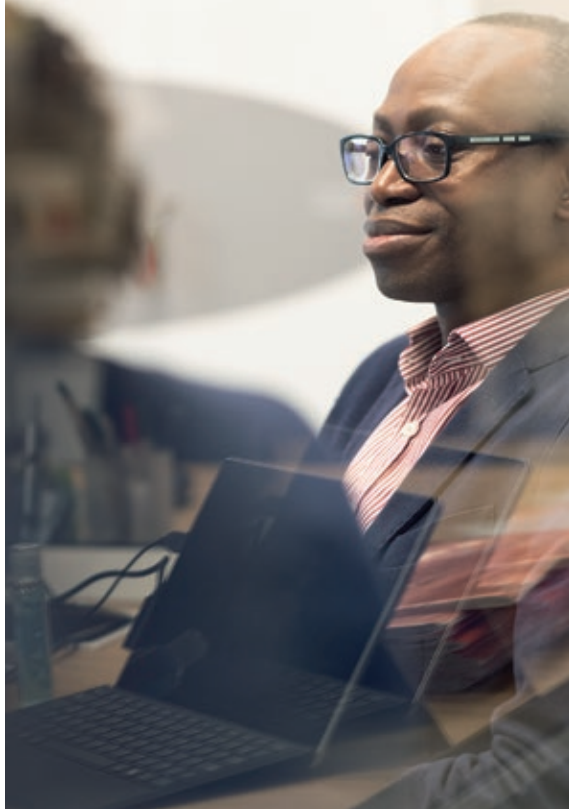
repository for entities that are authorised to perform access-to-account services across Europe. The directory is aimed at supporting account-servicing payment service providers and their service providers in meeting access-to-account requirements of the revised Payment Services Directive (PSD2).

PRETA had delivered the repository in January 2019 with the support of over 40 financial institutions and industry service providers.

# Financial Situation: Statutory Accounts<sup>4</sup>



<sup>4</sup> All tables in this section are in euro (EUR) thousand, based on rounded figures; in the text, abbreviations are used for thousands (K) and millions (M).



EBA CLEARING completed the fiscal year 2019 with a positive net result before consolidation of EUR 3.3 M.

The Company further improved its cash position in 2019 to EUR 17.8 M (compared to EUR 16.1 M in 2018) and continues to fulfil its obligations to cover General Business Risk, as foreseen under the SIPS Regulation. The 2019 results show EBA CLEARING's continuing solid business performance, which again led to a decrease of the Company's average costs per unit.

The COVID-19 pandemic ("Coronavirus disease 2019") was first identified in December 2019 and has since spread globally. For the purposes of the present report, the pandemic has been considered as a 2020 event and the accounts as of 31 December 2019 have been produced without any value correction, provision or any book entry in relation to the COVID-19 consequences.

The Company's activities started to be impacted by COVID-19-related consequences and measures during the first quarter 2020 when the pandemic began to affect Europe. Without having the capacity to assess the potential impact of the pandemic due to its relatively recent occurrence, the EBA CLEARING management – at the date of the closing of the Company's financial statements 2019 by its Board – did not expect any significant negative impact on its financial statements 2020 or on its capacity to pursue its activities.

## OVERVIEW OF REVENUES

The revenue increased by EUR 3.7 M (+5.4% vs 2018), totalling EUR 73.1M.

PROFIT & LOSS STATEMENT	2018	2019	2019 vs 2018
Fixed fees	18,805	19,120	315
Transaction fees	47,903	50,522	2,618
Other fees	2,678	3,462	784
Revenues	69,387	73,104	3,717

The revenues continued to grow in 2019, due to increased service participation and volume growth in STEP2 and RT1.

The fixed fee revenues amounted to EUR 19.1 M, which is an increase of EUR 315 K compared to 2018. This growth was mostly caused by the ramp-up of RT1 participation and a further increase in participants joining the STEP2 SEPA Services. The fixed revenues for EURO1 remained stable.

The transaction fee revenues amounted to EUR 50.5 M, which is an increase of EUR 2,618 K compared to 2018 (+5.5%). This increase came from a solid traffic growth in the various services.

The other fee revenues amounted to EUR 3.5 M, which corresponds to an increase of EUR 784 K compared to 2018. Other fees are one-off administrative fees related to provisioning, joining and exit fees.

## OVERVIEW OF DIRECT COSTS

The direct costs increased by EUR 1.2 M (+2.6% vs 2018), totalling EUR 48 M.

PROFIT & LOSS STATEMENT	2018	2019	2019 vs 2018
Operating charges	42,963	44,173	1,209
Other charges	3,847	3,870	23
Direct costs	46,810	48,043	1,233

The services-related charges from external providers amounted to EUR 44.2 M, which represents an increase of EUR 1.2 M compared to 2018. The variable transaction costs increased in line with the 2019 STEP2 traffic growth.

Fixed costs mainly increased due to the expected costs for the second full year of operating RT1.

Other charges were flat at EUR 3.8 M.



## GROSS MARGIN

The gross margin increased by EUR 2.5 M (+11% vs 2018), totalling EUR 25.1 M.

PROFIT & LOSS STATEMENT	2018	2019	2019 vs 2018
Revenues	69,387	73,104	3,717
– Direct costs	46,810	48,043	1,233
Gross margin	22,576	25,061	2,485

The evolution of the gross margin is in line with expectations, considering the second full year of operations of the RT1 Service as well as the above-mentioned traffic and participation growth in the STEP2 Services.

## OVERVIEW OF OPERATING COSTS

The costs of operating the company increased by EUR 1.7 M (+10.1% vs 2018), totalling EUR 18.8 M.

PROFIT & LOSS STATEMENT	2018	2019	2019 vs 2018
Human resources	11,176	12,710	1,534
External relations	845	875	30
Consultancies	1,603	610	(994)
Equipment, services	755	1,780	1,026
Rent, premises, maint. & cleaning	2,187	2,336	149
Other expenses, revenues	506	484	(22)
Operating costs	17,072	18,796	1,724

In accordance with its continuing efforts to keep the development of its operating costs in line with business growth, the Company, where possible, covered specialised resourcing needs

in support areas through consultancies. There were new recurring HR costs of around EUR 250 K related to the implementation of a new collective bargaining agreement in France.

## OVERVIEW FROM GROSS MARGIN TO NET RESULT

PROFIT & LOSS STATEMENT	2018	2019	2019 vs 2018
Gross margin	22,576	25,061	2,485
– Operating costs	17,072	18,796	1,724
Earnings before taxes	5,505	6,266	761
– Exceptional revenue, expense	0	464	464
– Income taxes and participation	2,311	2,534	223
Net result before consolidation	3,194	3,267	74

The earnings before taxes (EBT) amounted to EUR 6.3 M, which represents an increase of EUR 761 K compared to 2018, resulting from net increases of both gross margin and operating costs.

For 2019, the Company had to add a net provision of 464 K related to possible future tax liabilities for PRETA and to possible additional

retirement liabilities for Paris-based staff. Previous accruals for the impairment of the PRETA asset were partially released.

The estimated income tax and participation item stands at EUR 2.5 M for 2019, resulting in a net income before consolidation of EUR 3.3 M.

## CASH FLOW

The cash flow generated by the Company's activities in 2019 continues to be healthy at EUR 5.9 M, similar to 2018.

PROFIT & LOSS STATEMENT	2018	2019	2019 vs 2018
Result before consolidation	3,194	3,267	74
Amortisation / Depr. / Provision reversal (+/-)	2,758	2,595	(163)
Cash flow from operating activities	5,951	5,862	(89)

The net cash position of EBA CLEARING continued to strengthen, rising from EUR 16.1 M in 2018 to EUR 17.8 M at the end of 2019 thanks

to a continuous growth of cash from operating activities, good controls on investments and ongoing efforts to improve working capital.

## STATUTORY BALANCE SHEET

ASSETS	2018	2019	2019 vs 2018
Current assets	Net value	Net value	Net value
Cash position	16,083	17,833	1,750
Receivables	18,054	18,593	539
Total	34,137	36,426	2,289
Fixed assets			
Intangible fixed assets	7,790	6,076	(1,714)
Tangible fixed assets	411	307	(104)
Intangible fixed assets – under construction	302	4,232	3,930
Tangible fixed assets – under construction	23	37	14
Financial fixed assets	5,688	5,932	244
Total	14,214	16,583	2,369
Total assets	48,351	53,009	4,658

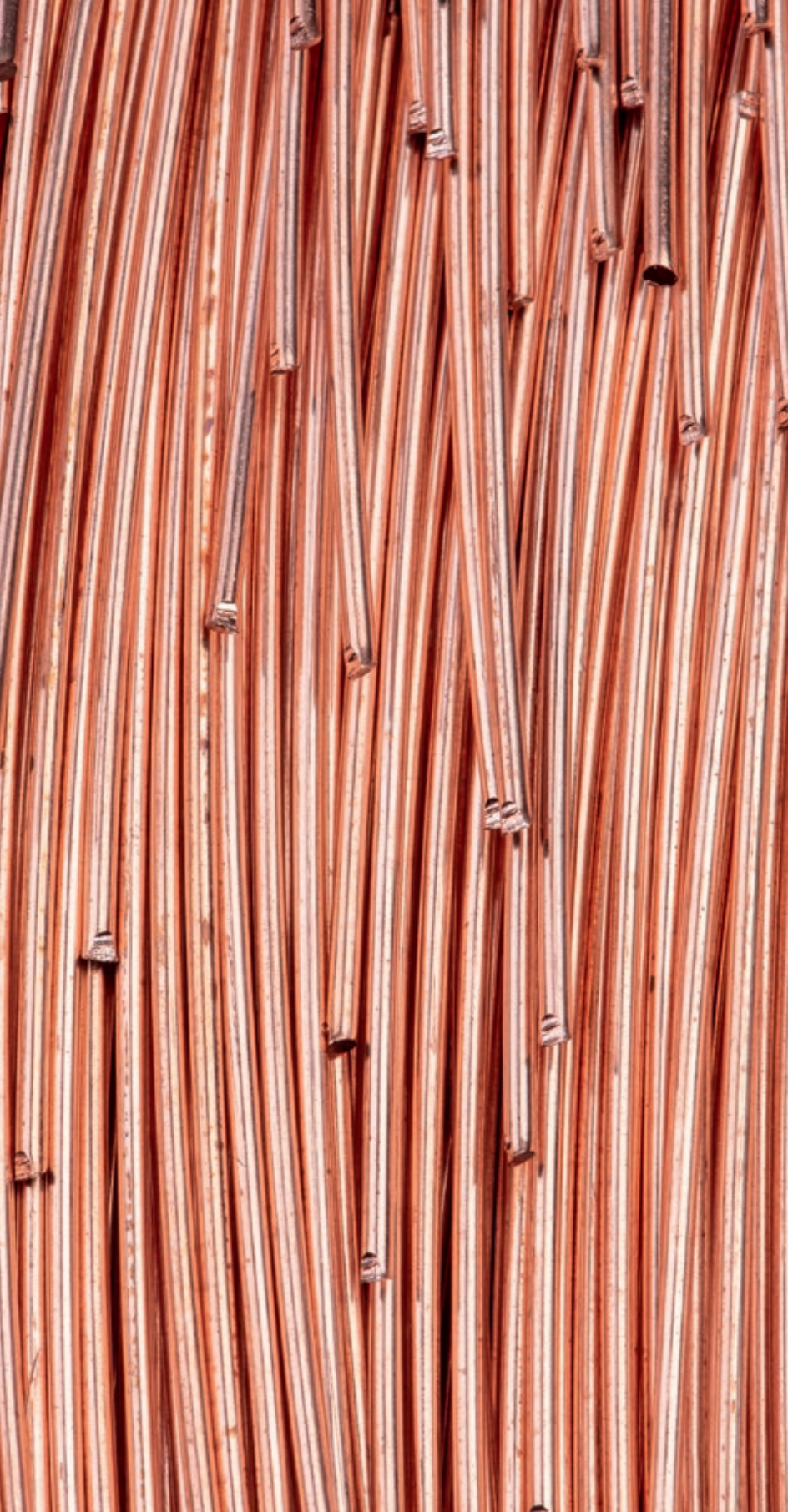
LIABILITIES	2018	2019	2019 vs 2018
Payables	19,701	20,272	571
Provision for risk and liabilities	735	1,556	821
Equity	27,916	31,181	3,266
Retained earnings & shareholders' equity	24,722	27,914	3,192
Result of the year	3,194	3,267	74
Total liabilities	48,351	53,009	4,658

## ALLOCATION OF RESULT OF THE YEAR

The equity position of EBA CLEARING before consolidation with PRETA reached EUR 31.2 M with a net result of EUR 3.3 M.

Since the creation of the Company, no dividends have been paid to Shareholders. It is proposed to maintain this policy and allocate the result of the period under report to retained earnings.





Left: Copper wire rod

Right: Marble quarry in Carrara, Italy





# Appendices



## APPENDIX 1

### LIST OF EBA CLEARING SHAREHOLDERS

#### STATUS: 31 MAY 2020 (49 SHAREHOLDERS)

ABN AMRO Bank NV	KBC Bank NV
Allied Irish Banks Plc	Landesbank Baden-Württemberg
Alpha Bank AE	Landesbank Hessen-Thüringen (HELABA)
Banca Monte dei Paschi di Siena SpA	MUFG Bank, Ltd
Banco Bilbao Vizcaya Argentaria SA	National Bank of Greece SA
Banco BPM SpA	National Westminster Bank Plc
Banco Comercial Português SA	Nordea Bank Abp
Banco de Sabadell SA	Novo Banco SA
Banco Santander SA	OP Corporate Bank Plc
Bank of America NA	OTP Bank Plc
Banque et Caisse d'Épargne de l'État	Rabobank Nederland
Banque Internationale à Luxembourg	Raiffeisen Bank International AG
Barclays Bank Plc	Skandinaviska Enskilda Banken AB (publ)
BNP Paribas SA	Société Générale
BPCE	Standard Chartered Bank AG
CaixaBank SA	Svenska Handelsbanken
Citibank Europe Plc	Swedbank AB (publ)
Commerzbank AG	UBS AG
Crédit Agricole SA	UniCredit Bank AG
Crédit Mutuel – CIC Banques	UniCredit SpA
Danske Bank A/S	
Deutsche Bank AG	
DNB Bank ASA	
DZ BANK AG	
ERSTE Group Bank AG	
HSBC France	
ING Bank NV	
Intesa Sanpaolo SpA	
J.P. Morgan Chase Bank, NA	

## APPENDIX 2

### LIST OF PARTICIPANTS IN EURO1/STEP1

STATUS: 31 MAY 2020

ABANCA Corporación Bancaria S.A.	STEP1 Bank
Allgemeine Sparkasse Oberösterreich Bank AG	STEP1 Bank
Alpha Bank AE	EURO1 Participant
Banca del Fucino	STEP1 Bank
Banca di Imola S.p.A.	STEP1 Bank
Banca Monte dei Paschi di Siena S.p.A.	EURO1 Participant
Banca Widiba SpA	EURO1 Sub-Participant
MPS Leasing & Factoring S.p.A.	EURO1 Sub-Participant
Banca Popolare del Lazio	STEP1 Bank
Banca Popolare di Sondrio	STEP1 Bank
Banca Sella S.p.A.	STEP1 Bank
Banco BAI Europa SA	STEP1 Bank
Banco Bilbao Vizcaya Argentaria S.A.	EURO1 Participant
Banco BPM S.p.A.	EURO1 Participant
Banca Popolare di Milano S.p.A.	EURO1 Sub-Participant
Banco Comercial Português S.A.	EURO1 Participant
Banco de Sabadell S.A.	EURO1 Participant
Banco Santander S.A.	EURO1 Participant
Banco Santander Totta, SA	EURO1 Sub-Participant
Santander Consumer Bank AG	EURO1 Sub-Participant
Santander UK Plc	EURO1 Sub-Participant
Bank für Tirol und Vorarlberg AG	STEP1 Bank
Bank GPB International S.A.	STEP1 Bank
Bank of Åland PLC	STEP1 Bank
Bank of America N.A., Frankfurt branch	EURO1 Participant
The Bank of New York Mellon, Frankfurt Branch	STEP1 Bank
Bankinter SA	STEP1 Bank
Banque d'Escompte	STEP1 Bank
Banque et Caisse d'Épargne de l'Etat	EURO1 Participant
Banque Internationale à Luxembourg S.A.	EURO1 Participant
Banque Michel Inchauspé – BAMl	STEP1 Bank
Banque Palatine	STEP1 Bank
Barclays Bank Ireland Plc, Frankfurt branch	EURO1 Participant
Berliner Sparkasse – Landesbank Berlin AG	STEP1 Bank
BKS Bank AG	STEP1 Bank
BNP Paribas S.A.	EURO1 Participant
Banca Nazionale del Lavoro S.p.A.	EURO1 Sub-Participant
BGL BNP Paribas	EURO1 Sub-Participant
BNP Paribas Fortis	EURO1 Sub-Participant
BNP Paribas Securities Services	EURO1 Sub-Participant

BPCE	EURO1 Participant
BRED Banque Populaire	EURO1 Sub-Participant
NATIXIS	EURO1 Sub-Participant
BPER Banca S.p.A.	STEP1 Bank
CaixaBank S.A.	EURO1 Participant
Caixa Central de Crédito Agrícola Mútuo	STEP1 Bank
Cassa di Risparmio di Fermo S.p.A.	STEP1 Bank
Cassa di Risparmio di Ravenna S.p.A.	STEP1 Bank
CECABANK, S.A.	STEP1 Bank
Caja de Ahorros y Monte de Piedad de Ontinyent	STEP1 Sub-Participant
Colonya Caixa Pollença	STEP1 Sub-Participant
Liberbank, S.A.	STEP1 Sub-Participant
Unicaja Banco, S.A.	STEP1 Sub-Participant
Citibank Europe Plc	EURO1 Participant
Commerzbank AG	EURO1 Participant
Crédit Agricole S.A.	EURO1 Participant
CA-CIB – Crédit Agricole Corporate and Investment Bank	EURO1 Sub-Participant
Crédit Agricole CariParma SpA	EURO1 Sub-Participant
Crédit Agricole Friuladria SpA	EURO1 Sub-Participant
Crédit Lyonnais	EURO1 Sub-Participant
Crédit Mutuel – CIC Banques	EURO1 Participant
Crédit Industriel et Commercial	EURO1 Sub-Participant
Credito Valtellinese	STEP1 Bank
Danske Bank A/S	EURO1 Participant
Northern Bank Ltd (trading as Danske Bank)	EURO1 Sub-Participant
Deutsche Bank AG	EURO1 Participant
DB Privat- und Firmenkundenbank AG	EURO1 Sub-Participant
DNB Bank ASA, Filial Finland	EURO1 Participant
DNB Bank ASA, Norway	EURO1 Sub-Participant
ERSTE Group Bank AG	EURO1 Participant
HSBC France	EURO1 Participant
ING Bank NV	EURO1 Participant
Bank Mendes Gans N.V.	EURO1 Sub-Participant
ING Bank NV, France	EURO1 Sub-Participant
ING Bank Śląski S.A.	EURO1 Sub-Participant
ING Belgium N.V./S.A.	EURO1 Sub-Participant
ING Luxembourg S.A.	EURO1 Sub-Participant
Intesa Sanpaolo S.p.A.	EURO1 Participant
Intesa Sanpaolo Bank Luxembourg S.A.	EURO1 Sub-Participant
Joh. Berenberg, Gossler und Co. KG	STEP1 Bank

J.P. Morgan AG	EURO1 Participant
J.P. Morgan Bank Luxembourg S.A.,	
Dublin Branch	EURO1 Sub-Participant
J.P. Morgan Bank Luxembourg S.A.	EURO1 Sub-Participant
KBC Bank N.V.	EURO1 Participant
Kookmin Bank London Branch	STEP1 Bank
La Banque Postale	STEP1 Bank
Landesbank Hessen-Thüringen	EURO1 Participant
MUFG Bank, Ltd., Paris branch	EURO1 Participant
National Bank of Greece S.A.	EURO1 Participant
National Westminster Bank Plc	EURO1 Participant
National Westminster Bank Plc	EURO1 Sub-Participant
Royal Bank of Scotland Plc	EURO1 Sub-Participant
Nordea Bank Abp	EURO1 Participant
Oberbank AG	STEP1 Bank
OP Corporate Bank Plc	EURO1 Participant
OTP Bank Plc.	EURO1 Participant
Raiffeisen Bank International AG	EURO1 Participant
Raiffeisenlandesbank Oberösterreich AG	STEP1 Bank
Raiffeisen-Landesbank Tirol AG	STEP1 Bank
SECB Swiss Euro Clearing Bank GmbH	STEP1 Bank
Skandinaviska Enskilda Banken	EURO1 Participant
AS SEB Pank, Estonia	EURO1 Sub-Participant
SEB Banka, Latvia	EURO1 Sub-Participant
Skandinaviska Enskilda Banken S.A.,	
Luxembourg	EURO1 Sub-Participant
Skandinaviska Enskilda Banken, Denmark	EURO1 Sub-Participant
Société Générale	EURO1 Participant
Crédit du Nord	EURO1 Sub-Participant
Standard Chartered Bank AG	EURO1 Participant
Svenska Handelsbanken	EURO1 Participant
Handelsbanken, Denmark	EURO1 Sub-Participant
Handelsbanken, Norway	EURO1 Sub-Participant
Swedbank AB (publ.)	EURO1 Participant
Swedbank AB, Lithuania	EURO1 Sub-Participant
Swedbank AS, Estonia	EURO1 Sub-Participant
Swedbank AS, Latvia	EURO1 Sub-Participant
UBS Europe SE, Germany	EURO1 Participant
UniCredit S.p.A.	EURO1 Participant
UniCredit Bank AG (Hypovereinsbank)	EURO1 Sub-Participant
UniCredit Bank Austria AG	EURO1 Sub-Participant



## APPENDIX 3

### LIST OF PARTICIPANTS IN STEP2-T

STATUS: 31 MAY 2020

#### STEP2 SCT

ABN AMRO Bank N.V.  
 Adyen B.V.  
 Aktia Bank Plc  
 Allied Irish Banks Plc  
 Alpha Bank Cyprus Ltd  
 APS Bank  
 Arbejdernes Landsbank A/S  
 AS LHV Pank  
 AS SEB Pank  
 AS TBB pank  
 Banca Carige SpA  
 Banca d'Italia  
 Banca Monte dei Paschi di Siena SpA  
 Banca Popolare di Sondrio SCPA  
 Banca Sella Holding SpA  
 Banco Bilbao Vizcaya  
 Argentaria  
 Banco BPI S.A.  
 Banco BPM SpA  
 Banco Comercial Português S.A.  
 Banco Cooperativo  
 Banco de España  
 Banco de Sabadell S.A.  
 Banco Santander S.A.  
 Banco Santander Totta S.A.  
 Bank of Aland Plc  
 Bank of America, NA, Frankfurt  
 Bank of Cyprus Public Company Ltd  
 Bank of Greece S.A.  
 Bank of Ireland  
 Bank of Valletta Plc  
 Bank of Slovenia – Banka Slovenije  
 Bankia S.A.  
 Bankinter S.A.  
 Banque de France  
 Banque de Luxembourg  
 Banque Eni S.A.  
 Banque et Caisse d'Épargne de l'Etat

Banque Internationale à Luxembourg S.A.  
 Barclays Bank Ireland Plc  
 Barclays Bank Plc  
 Barclays Bank UK Plc  
 Belfius Bank SA  
 BGL BNP Paribas  
 BNF Bank Plc  
 BNP Paribas Fortis SA  
 BNP Paribas S.A.  
 Bonum Bank Plc  
 BPCE  
 bpost SA  
 bpost Bank N.V.-S.A.  
 BRED Banque Populaire  
 Bunq B.V.  
 Caixa Central de Crédito Agrícola Mútuo  
 Caixa Geral de Depósitos S.A.  
 CaixaBank S.A.  
 Cassa Centrale Banca – Credito Cooperativo Italiano  
 Cassa Depositi e Prestiti SpA  
 Cecabank S.A.  
 Central Bank of Malta  
 Central Bank of Savings Banks  
 Finland Plc  
 Citibank Europe Plc  
 Commerzbank AG  
 Crédit Agricole S.A.  
 Crédit Agricole Italia SpA  
 Crédit Mutuel Arkéa  
 Crédit Mutuel – CIC Banques  
 Credit Suisse (Schweiz) AG  
 Credito Emiliano SpA  
 Danske Bank A/S  
 De Nederlandsche Bank N.V.  
 DEPObank – Banca Depositaria Italiana SpA  
 Deutsche Bank AG  
 Deutsche Bundesbank  
 DNB Bank ASA

DZ BANK AG  
 Elavon Financial Services Limited  
 Erste Group Bank AG  
 First Investment Bank AD  
 Hellenic Bank Public Company Ltd  
 HSBC Bank Plc  
 HSBC France  
 HSBC UK Bank Plc  
 ICCREA Banca SpA  
 ING Bank NV  
 ING Belgium SA/NV  
 ING Luxembourg SA  
 Intesa Sanpaolo SpA  
 J.P. Morgan AG  
 Jyske Bank AS  
 KBC Bank N.V.  
 Klarna Bank AB (publ)  
 La Banque Postale  
 Lån & Spar Bank A/S  
 Landesbank Baden-Württemberg  
 Landesbank Hessen-Thüringen (HELABA)  
 Latvijas Banka  
 Lietuvos Bankas – Bank of Lithuania  
 Lloyds Bank Plc  
 Medirect Bank (Malta) plc  
 MUFG Bank, Ltd.  
 Narodowy Bank Polski – National Bank of Poland  
 National Bank of Slovakia – Národná Banka Slovenska  
 National Westminster Bank Plc  
 Nordea Bank abp  
 Novo Banco S.A.  
 Novum Bank  
 Oesterreichische Nationalbank  
 OP Corporate Bank Plc  
 OTP Bank Plc.  
 Rabobank  
 Raiffeisen Bank International AG  
 Raiffeisen Landesbank Südtirol AG

RCB Bank Ltd  
 S-Bank Ltd  
 Santander Consumer Bank AG  
 SECB Swiss Euro Clearing Bank  
 Skandinaviska Enskilda Banken AB (publ)  
 Skandinaviska Enskilda Banken S.A., Luxembourg  
 Société Générale  
 Société Générale Bank and Trust S.A.  
 Spar Nord Bank AS  
 Sparekassen Kronjylland  
 Sparkasse Bank Malta Plc  
 Standard Chartered Bank AG  
 Svenska Handelsbanken AB  
 Swedbank AB (publ)  
 Sydbank A/S  
 The Royal Bank of Scotland Plc  
 UBS AG  
 UBS Europe SE  
 UBS Switzerland AG  
 UniCredit Bank AG (HypoVereinsbank)  
 UniCredit Bank Austria AG  
 UniCredit SpA

## STEP2 SDD CORE

ABN AMRO Bank N.V.  
 Aktia Bank Plc  
 Allied Irish Banks Plc  
 APS Bank  
 Banca Carige SpA  
 Banca d'Italia  
 Banca Generali SpA  
 Banca Monte dei Paschi di Siena SpA  
 Banca Popolare di Sondrio SCPA  
 Banco Bilbao Vizcaya Argentaria  
 Banco BPI S.A.  
 Banco BPM SpA  
 Banco Comercial Português SA  
 Banco Cooperativo  
 Banco de Sabadell S.A.  
 Banco Santander S.A.  
 Banco Santander Totta S.A.  
 Bank of America NA Frankfurt  
 Bank of Greece S.A.  
 Bank of Ireland  
 Bank of Valletta Plc  
 Bank of Slovenia – Banka Slovenije  
 Bankia S.A.  
 Banque de France  
 Banque de Luxembourg  
 Banque Eni S.A.  
 Banque et Caisse d'Épargne de l'État  
 Banque Internationale à Luxembourg S.A.  
 Barclays Bank Ireland Plc  
 Barclays Bank Plc  
 Barclays Bank UK Plc  
 Belfius Bank SA  
 BGL BNP Paribas  
 BNF Bank Plc  
 BNP Paribas Fortis SA  
 BNP Paribas S.A.

Bonum Bank Plc  
 BPCE  
 BPER Banca SpA  
 bpost SA  
 bpost Bank N.V.-S.A.  
 BRED Banque Populaire  
 Bunq B.V.  
 Caixa Central de Crédito Agrícola Mútuo  
 Caixa Geral de Depósitos  
 CaixaBank S.A.  
 Cassa Centrale Banca- Credito Cooperativo Italiano  
 Cassa Depositi e Prestiti SpA  
 Cecabank S.A.  
 Central Bank of Savings Banks  
 Finland Plc  
 Citibank Europe Plc  
 Commerzbank AG  
 Crédit Agricole S.A.  
 Crédit Agricole Italia SpA  
 Crédit Mutuel – CIC Banques  
 Crédit Mutuel Arkéa  
 Credit Suisse (Schweiz) AG  
 Credito Emiliano SpA  
 Danske Bank A/S  
 De Nederlandsche Bank N.V.  
 DEPObank – Banca Depositaria Italiana SpA  
 Deutsche Bank AG  
 Deutsche Bundesbank  
 DZ BANK AG  
 Elavon Financial Services Limited  
 Erste Group Bank AG  
 HSBC Bank Plc  
 HSBC France  
 HSBC UK Bank Plc  
 ICCREA Banca SpA  
 ING Bank NV  
 ING Belgium SA/NV  
 ING Luxembourg S.A.  
 Intesa Sanpaolo SpA

J.P. Morgan AG  
 KBC Bank N.V.  
 Klarna Bank AB (publ)  
 La Banque Postale  
 Landesbank Baden-Württemberg  
 Landesbank Hessen-Thüringen  
 (HELABA)  
 Lietuvos Bankas – Bank of  
 Lithuania  
 Lloyds Bank Plc  
 MUFG Bank, Ltd  
 National Bank of Slovakia –  
 Národná Banka Slovenska  
 National Westminster Bank Plc  
 Nordea Bank Abp  
 Novo Banco S.A.  
 Oesterreichische Nationalbank  
 OP Corporate Bank Plc  
 Rabobank  
 Raiffeisen Bank International AG  
 Raiffeisen Landesbank Südtirol AG  
 Santander Consumer Bank AG  
 S-Bank Ltd.  
 SECB Swiss Euro Clearing Bank  
 GmbH  
 Skandinaviska Enskilda Banken  
 AB (publ)  
 Société Générale  
 Spar Nord Bank A/S  
 Standard Chartered Bank AG  
 Svenska Handelsbanken AB  
 UBI Banca SpA  
 UBS Europe SE  
 UniCredit Bank AG  
 (HypoVereinsbank)  
 UniCredit Bank Austria AG  
 UniCredit SpA

## STEP2 SDD B2B

ABN AMRO Bank N.V.  
 Banca Carige SpA  
 Banca d'Italia  
 Banca Generali SpA  
 Banca Monte dei Paschi di Siena  
 SpA  
 Banca Popolare di Sondrio SCPA  
 Banco Bilbao Vizcaya Argentaria  
 Banco BPI S.A.  
 Banco BPM SpA  
 Banco Comercial Português SA  
 Banco Cooperativo  
 Banco de Sabadell S.A.  
 Banco Santander S.A.  
 Banco Santander Totta S.A.  
 Bank of America, NA, Frankfurt  
 Bank of Greece S.A.  
 Bank of Slovenia –  
 Banka Slovenije  
 Bankia S.A.  
 Banque de France  
 Banque de Luxembourg  
 Banque Eni S.A.  
 Banque et Caisse d'Épargne  
 de l'État  
 Banque Internationale à  
 Luxembourg S.A.  
 Barclays Bank Ireland Plc  
 Barclays Bank Plc  
 Barclays Bank UK Plc  
 Belfius Bank  
 BGL BNP Paribas  
 BNP Paribas Fortis SA  
 BNP Paribas S.A.  
 BPCE  
 BPER Banca SpA  
 bpost SA  
 BRED Banque Populaire  
 Bunq B.V.

Caixa Central de Crédito Agrícola  
 Mútuo  
 Caixa Geral de Depósitos S.A.  
 CaixaBank S.A.  
 Cassa Centrale Banca – Credito  
 Cooperativo Italiano  
 Cassa Depositi e Prestiti SpA  
 Cecabank S.A.  
 Citibank Europe Plc  
 Commerzbank AG  
 Crédit Agricole S.A.  
 Crédit Agricole Italia SpA  
 Crédit Mutuel – CIC Banques  
 Crédit Mutuel Arkéa  
 Credit Suisse (Schweiz) AG  
 Credito Emiliano SpA  
 Danske Bank A/S  
 De Nederlandsche Bank N.V.  
 DEPObank – Banca Depositaria  
 Italiana SpA  
 Deutsche Bank AG  
 Deutsche Bundesbank  
 DZ BANK AG  
 Erste Group Bank AG  
 HSBC France  
 ICCREA Banca SpA  
 ING Bank NV  
 ING Belgium NV-SA  
 ING Luxembourg S.A.  
 Intesa Sanpaolo SpA  
 J.P. Morgan AG  
 KBC Bank N.V.  
 La Banque Postale  
 Landesbank Baden-Württemberg  
 Landesbank Hessen-Thüringen  
 (HELABA)  
 Lloyds Bank Plc  
 MUFG Bank, Ltd  
 National Bank of Slovakia –  
 Národná Banka Slovenska  
 National Westminster Bank Plc

## APPENDIX 4

### LIST OF PARTICIPANTS IN STEP2 CC

STATUS: 31 MAY 2020

Nordea Bank abp  
Novo Banco S.A.  
Oesterreichische Nationalbank  
Rabobank  
Raiffeisen Bank International AG  
Raiffeisen Landesbank Südtirol AG  
Santander Consumer Bank AG  
SECB Swiss Euro Clearing Bank GmbH  
Skandinaviska Enskilda Banken AB (publ)  
Société Générale  
Spar Nord Bank A/S  
Svenska Handelsbanken AB  
UBI Banca SpA  
UBS Europe SE  
UniCredit Bank AG  
(HypoVereinsbank)  
UniCredit Bank Austria AG  
UniCredit SpA

### STEP2 CC

Citibank Europe Plc  
Commerzbank AG  
Deutsche Bank AG  
Landesbank Hessen-Thüringen (HELABA)  
Santander Consumer Bank AG  
UniCredit Bank AG (HypoVereinsbank)

## APPENDIX 5

### LIST OF PARTICIPANTS IN RT1

STATUS: 31 MAY 2020

#### RT1

ABN AMRO Bank N.V.	Landesbank Hessen-Thüringen
AION SA	Latvijas Banka
AS LHV Pank	Lietuvos bankas
AS SEB Pank	N26 Bank GmbH
Banca Nazionale del Lavoro	Nordea Bank abp
Banca Patrimoni Sella & C. S.p.A.	Oldenburgische Landesbank AG
Banca Popolare di Sondrio	OP Corporate Bank Plc
Banca Sella Holding S.p.A.	Raiffeisen Bank International AG
Banca Sella S.p.A.	Raiffeisenlandesbank Ober-
Banco Bilbao Vizcaya Argentaria S.A.	österreich AG
Banco BPM S.p.A.	Santander Consumer Bank AG
Banco Sabadell S.A.	Société Générale
Banco Santander S.A.	Svenska Handelsbanken AB (publ)
Bankia S.A.	Swedbank AB
Barclays Bank Ireland PLC	Swedbank AS
Bonum Bank Plc	Targobank
BPER Banca	TeamBank AG
BRED Banque Populaire	UniCredit Bank AG
Bunq B.V.	(HypoVereinsbank)
Caixabank S.A.	UniCredit Bank Austria AG
Central Bank of Savings Banks	UniCredit S.p.A.
Finland Plc	
Commerzbank AG	
Coop Pank aktsiaselts	
Credit Agricole Italia S.p.A.	
Crédit Mutuel Arkéa	
Danske Bank A/S	
DEPObank – Banca Depositaria	
Italiana SpA	
Deutsche Bank AG	
DZ BANK AG	
Erste Group Bank AG	
FinecoBank Spa	
Hanseatic Bank GmbH & Co KG	
HSBC France	
Illimity Bank S.p.A.	
Intesa Sanpaolo S.p.A.	
J.P. Morgan AG	
KBC Bank	
Landesbank Baden-Württemberg	



## APPENDIX 6

### ANNUAL ACCOUNTS FOR 2019

The annual accounts for 2019 (and for 2018) are attached separately.

Back cover: Copper winding in an  
electric motor

Left: Copper coil

Right: Agricultural fields in Spain





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## CONCEPT AND TEXT

EBA CLEARING  
40 rue de Courcelles  
F-75008 Paris

## GRAPHIC DESIGN

formfellows  
Kommunikations-Design  
Frankfurt am Main

## PHOTOGRAPHS

Mirène Schmitz, Bonn  
Johannes Haas Fotografie,  
Rösrath  
  
iStock by Getty Images  
shutterstock

## REPRODUCTIONS

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Frankfurt am Main

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