

INCIDENTS MANAGEMENT

KEY RULES AND PROCEDURES OF THE CORE(BE) PAYMENT SYSTEM

- March 2016 -

A. NATURE OF INCIDENTS

The incidents management includes two parts, depending on the nature of the incident:

- operational,
- financial.

In the first case, the incidents management process is based on an Operational crisis process involving the Participants.

In the second case, the incidents management process is based on a Financial crisis process.

B. INCIDENTS OF OPERATIONAL NATURE

STET first analyzes the Incident and then, if applicable, will confer with the Flow Manager Correspondent of the affected Direct Participant(s).

If non-serious incidents are not resolved within a maximum of four (4) hours, STET will determine whether the situation calls for the Operational Crisis Committee to be formed.

The purpose of the Operational Crisis Committee is to manage crises caused by technical or banking incidents in CORE or among Participants that affect CORE technical processing, exchange and clearing of Transactions, and/or comprising a systemic risk.

STET can form the Operational Crisis Committee at any time, as soon as a serious Incident occurs. Any Incident affecting settlement of transactions in a Clearing and settlement cycle is deemed a serious incident.

1. Operational Crisis Committee

a. Scope of the Operational Crisis Committee intervention

The Operational Crisis Committee is formed under the following circumstances:

- Disagreement regarding an Account statement
- Unavailability of CORE
- Activation of a Participant's or IPDTA's Business Continuity Plan
- Suspicion of fraud.

b. Composition of the Operational Crisis Committee

The Operational Crisis Committee includes:

- A STET manager
- STET experts

- A “Crisis Correspondent” designated by each Direct Participant member of the ASBL CEC Board of Directors
- The Direct Participant from which stemmed the incident if said Participant is not a member of the ASBL CEC Board of Directors, if and when applicable,
- The “Crisis Correspondent” of the IPDTA from which stemmed the incident, if and when applicable,
- The UCV Manager of ASBL CEC,
- And the “Crisis Correspondent” of the National bank of Belgium, as settlement agent, attendee of the conference calls in case of incident which impacts the settlement of the clearing balances or any other incident that is not fixed at the end of the CORE day of the incident.

STET’s CEO is the head of the Operational Crisis Committee and may, if and when applicable, appoint an alternate.

Every DP and the National Bank of Belgium appoint a Crisis Correspondent in charge of:

- Representing its institution during the formulating of action plans, or deciding on any matter within the jurisdiction of the Operational Crisis Committee;
- Ensuring the action plan is properly implemented and, if and when applicable, of ensuring the implementation of provisional measures decided by the Operational Crisis Committee;
- Mobilizing the necessary resources of the institution;
- Relaying information within its institution and, if and when applicable, to the institution’s Indirect Participants.

Should any changes be made to the Crisis Correspondent designate, the Direct Participant must immediately notify STET via email.

The Crisis Correspondent may be mobilized 24/7. The Crisis Correspondent must answer the phone within the 30 minutes following STET’s announcement of the beginning of the crisis, and must be able to participate in the Operational Crisis Committee session within one hour maximum starting from the beginning of the crisis. As such, every Direct Participant must appoint:

- A “day” Crisis Correspondent and an alternate, AND
- A “night” Crisis Correspondent and an alternate.

A list of Crisis Correspondents to contact and their alternates (contact numbers for telephone, fax, cell phone, and email address) is kept up-to-date by STET.

c. Request to the Operational Crisis Unit

The Operational Crisis Committee can be formed:

- By STET,
- By a Direct Participant in the event the Participant’s action plan or the business continuity plan of one of the IPDTA it represents is activated,

d. Notification of the Operational Crisis Unit

Depending on the type and severity of the incident, the Operational Crisis Committee manager may decide to form a STET-only Operational Crisis Committee, or one open to Crisis Correspondents of affected Direct Participants.

Regardless of the way in which it was formed, the activation of the Operational Crisis Committee is reported to the Crisis Correspondent of every affected Direct Participant via information message.

This information message must be acknowledged by the Crisis Correspondent via email, or via fax coupled with a telephone call or text message.

Should the Crisis Correspondents of all or some of the Direct Participants need to be included in the Operational Crisis Committee they will be convoked via email, or via fax coupled with a telephone call or text message. They will be informed of:

- The type of incident, the severity of the situation, and the proposed means of resolving the problem;
- The place and time of the Operational Crisis Committee session or, in the event of a conference call, the session's telephone number.

e. Communication of the Operational Crisis Unit

The national bank of Belgium, as settlement agent, is systematically informed of any incident which impacts the settlement of the clearing balances, regardless the cycle.

For ease of identification, all messages related to the Operational Crisis Committee will begin with the following character sequence: "STET / Operational crisis committee -".

A message indicating what decisions have been made and what provisional measures could be undertaken will be issued to all Direct Participants within 2 hours after the end of each session.

Affected Direct Participants agree to apply the decisions and provisional measures decided upon by the Operational Crisis Committee.

An assessment is written up and distributed among Direct Participant Crisis Correspondents once the crisis has been resolved.

C. INCIDENTS OF FINANCIAL NATURE

1. Financial Crisis Unit

a. Definitions

The Default of a Direct Participant is the situation where the debtor Clearing Balances of a Direct Participant could not be settled at the end of the settlement period.

The Failure of a Direct Participant is the Situation where the Direct Participant:

- Is defaulting and its Default is not remedied within the timeframe defined in the Operational Procedures and reference documents.
- Is subject to insolvency proceedings as mentioned in the Belgian Law on Settlement Finality of 28 April 1999.

b. Composition of the Financial Crisis Unit

The Financial Crisis Committee gathers:

- The National bank of Belgium as settlement agent,
- STET,
- The members of the ASBL CEC/VZW UCV's board of directors and its manager (the "UCV Manager"),
- As the case may be, the defaulting or failing Direct Participant, insofar it is not a member of the ASBL CEC/VZW UCV's board of directors.

Each member of the Financial Crisis Committee appoints a representative and an alternate.

c. Intervention scope and request to the Financial Crisis Unit

The Financial Crisis Committee is gathered in situation where:

- The ASBL CEC/VZW UCV finds that a Direct Participant is defaulting at the end of the second settlement attempt.
- The National Bank of Belgium expressly notifies the Failure of a Direct or Indirect Participant to the ASBL CEC/VZW UCV and STET.

The Financial Crisis Committee monitors the situation and, as the case may be, prepares the decisions which have to be made by the ASBL CEC/VZW UCV's Board of Directors.

The Financial Crisis Committee reports to the ASBL CEC/VZW UCV's Board of Directors.

d. Notification of the Financial Crisis Unit

The convening of a crisis Committee is still the object of prior information forwarded by STET by secured e-mail and by an SMS to the members of the Financial Crisis Committee.

The e-mail notifications will specify:

- The grounds of the notification,
- If possible, the presentation of the situation and the measures envisaged.
- The time and conference call phone number.

This information message must be the subject of an acquittal by the Financial Crisis Committee Correspondent by e-mail or by phone call to the STET Support desk.



In the event of non-receipt of an acknowledgement from the Financial Crisis Committee Correspondent STET will try to contact the Correspondent by phone before the start of the conference call.

e. Communication of the Financial Crisis Committee

For ease of identification, all messages related to the Financial Crisis Committee will begin with the following character sequence: "STET / Financial crisis committee -".

At the end of each conference, a communication is issued to all Financial Crisis Correspondents and all members of the Financial Crisis Committee and if necessary to the IPDTA concerned. This communication indicates the decisions taken and possibly provisional measures to be applied.

Participants concerned are required to apply the decisions and conservatory measures adopted by the Financial Crisis Committee and to inform their Indirect Participants if necessary.