

**COMMITTEE ON PAYMENT AND SETTLEMENT SYSTEMS  
INTERNATIONAL ORGANIZATION OF SECURITIES COMMISSIONS**

**DISCLOSURE FRAMEWORK FOR SECURITIES SETTLEMENT SYSTEMS**

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## **I. BASIC INFORMATION**

### **A. What is the name of the SSS?**

Ireland, acting through the National Treasury Management Agency (NTMA).

### **B. Where and in which time zone is the SSS located?**

Dublin, Ireland. Greenwich Mean Time.

### **C. What functions does the SSS perform?**

Issuer, registrar and settler of Exchequer Notes.

#### **1. Does the SSS serve as a securities depository and/or provide securities settlements services?**

Securities Depository and securities settlement services.

#### **(a) What types of instrument are eligible for deposit at the SSS (e.g. debt, equities, warrants, etc.)?**

Debt instrument only. The NTMA as part of its borrowing activity in the market issues Exchequer Notes are issued by the Agency in the name of Ireland acting through the National Treasury Management Agency. Exchequer Notes are short term Government securities with maturities of not more than 365 days which the NTMA offers for sale at a discount under the legal authority contained in Section 54 of the Finance Act 1970 as amended. The minimum denomination of notes issued is EUR 100,000 nominal.

#### **(b) What types of instrument are eligible for transfer within the SSS?**

Exchequer Notes only.

#### **(c) Please describe whether eligible securities are dematerialised, immobilised or transferred physically.**

Dematerialised only.

#### **(d) Does the SSS provide safekeeping for physical certificates?**

N/A

#### **2. Does the SSS provide cash accounts and/or provide funds transfers in conjunction with securities transfers? If so, in what currencies?**

No

3. ***Does the SSS provide a trade matching service? Do others provide such services for the securities settled at the SSS?***

Finality of settlement is guaranteed through confirmation of cash receipt by the NTMA from the participant through TARGET (NTMA became a full member of TARGET on 5 October 1999)- it is only following receipt of this confirmation that Notes are actually issued to the purchasers. There is no zero hour rule in Ireland. NTMA are the only provider of the service for Exchequer Notes.

4. ***Does the SSS provide a trade netting service (as distinct from undertaking the settlement of securities transfers on a net basis)? Do others provide such services for securities settled at the SSS? In either case, what types of netting (bilateral or multilateral), if any, are performed?***

Netting is not used. Securities and cash are settled individually on a gross basis.

5. ***Does the SSS offer a securities lending or borrowing programme?***

No.

6. ***Does the SSS provide custodial and/or related services such as the collection of interest, dividends, principal or withholding tax reclamations? Which types of service are provided?***

No.

7. ***Does the SSS act as a central counterparty or principal to transaction with its participants?***

Yes - issuer of debt instrument under Section 54 Finance Act 1970 - see IC1(a).

8. ***Other? Please specify.***

#### **D. What type of organisation is the SSS?**

In 1990, legislation was enacted to provide for the establishment of the National Treasury Management Agency to manage Ireland's National Debt and borrowing programmes. The management of the National Debt (currently IR£31 billion) had become increasingly complex and the Government decided that a separate public agency was required to manage the debt cost effectively and to exploit fully the potential for savings.

The National Treasury Management Agency Act, 1990 provided for the establishment of the National Treasury Management Agency "to borrow moneys for the Exchequer and to manage the National Debt on behalf of and subject to the control and general superintendence of the Minister for Finance and to perform certain related functions and to provide for connected matters".

The 1990 Act enabled the Government to delegate the borrowing and debt management functions of the Minister for Finance to the Agency, such functions to be performed subject to such directions or guidelines as he might give. Obligations or liabilities undertaken by the Agency in the performance of its functions have the same force and effect as if undertaken by the Minister. The Agency came into existence on 3 December 1990.

The Chief Executive who is appointed by the Minister for Finance is directly responsible to him and is the Accounting Officer for the purposes of the Dail (Irish Parliament) Public Accounts Committee. The Agency has an Advisory Committee to assist and advise on such matters as are referred to it by the Agency.

**1. *Please indicate whether the SSS is a public sector or private sector entity.***

Public sector.

**2. *Please indicate whether the SSS is organised on a for-profit or a non-profit basis.***

Not for profit.

**3. *What is the legal basis for the establishment of the SSS and for securities transfers made through it?***

NTMA Act 1990 - see D above.

**E. Please describe and provide a diagram outlining the organisational and ownership structure of the SSS.**

**1. Who are the owners of the SSS?**

The NTMA Act 1990 provided for the establishment of the NTMA “to borrow moneys for the Exchequer and to manage the National Debt on behalf of and subject to the control and general superintendence of the Minister for Finance.

**2. What entity or entities operate the SSS? Which functions of the SSS, if any, are outsourced to third parties?**

No functions are outsourced. SSS operated by NTMA staff under direction of Chief Executive appointed by Minister for Finance under NTMA Act 1990.

**3. Does the SSS have a Board of Directors?**

No.

*(a) What is its composition?*

N/A

*(b) What are its responsibilities?*

NTMA Act 1990 - see E2.

**F. Please describe the financial resources of the SSS.**

Ireland’s National Debt totals IR£31.3 billion at the end of 1999 with an annual debt service budget of circa IR£2 billion. Ireland’s debt has received an AAA rating from Moody’s and an AA+ rating from Standard & Poor’s. The resources of the Central Fund of Ireland are available to the NTMA to meet Ireland’s debt obligations.

**1. Amount of paid-in capital and retained earnings?**

N/A

**2. Guarantees, insurance coverage or other similar arrangements?**

Ireland - see F above.

**3. Credit lines or letters of credit?**

See F above.

**4. Powers to assess participants or equity holders?**

N/A

**G. Please describe whether the SSS or its operator is subject to authorisation, supervision or oversight by an external authority.**

The NTMA Act 1990 provided for the establishment of the National Treasury Management Agency “to borrow moneys for the Exchequer and to manage the National Debt on behalf of and subject to the control and general superintendence of the Minister for Finance and to perform certain related functions and to provide for connected matters”. The NTMA is subject to audit by the State Auditor - the Comptroller and Auditor General. There is an internal control function and internal audit is performed by an external professional audit firm.

**II. RULES AND PROCEDURES OF THE SSS**

**A. Does the SSS maintain a complete list of the rules and procedures governing the rights and obligations of participants and the duties of the SSS?**

This is covered under Terms and Conditions of Exchequer Notes - please see attached copy.

**1. How can participants obtain a copy of the rule and procedures?**

Participants can obtain a copy on request. The business managers will also issue copies.

**2. Does other documentation provided to participants (e.g. user guides) have the same status as the rules and procedures?**

Yes.

**3. Describe the process for changing rules and procedures, including any need for regulatory approval.**

In the terms and conditions of the Exchequer Notes programme, item 15, the NTMA reserve the right to alter any of the conditions by notice in the public press provided that any such alteration shall not affect the obligations herein in respect of any Note outstanding at or prior to the date of such notice.

**(a) What authority is required, and how does this differ depending on the type of change involved?**

Approved by NTMA, namely Chief Executive and business manager.

**(b) How are participants notified of changes in rules and procedures?**

See 3 above.

**(c) Is there a procedure for participants or others to comments on proposed rule changes?**

Proposed changes may be discussed informally with participants.

**B. Are the rules and procedures binding on the SSS as well as its participants? Under what conditions and on whose authority can written rules and procedures be waived or suspended by the SSS?**

The rules and procedures are at the discretion of NTMA for new notes. Rules are binding in respect of notes already in issuance.

**III. RELATIONSHIPS WITH PARTICIPANTS**

**A. Please describe the types of membership offered by the SSS.**

Point 4 in the Terms and Conditions states that “each application for a Note must specify the nominal amount of the Note, the Maturity Date and the name and address of the person to be registered at the Agency as owner of the Note. In response to each application, the Agency will as it deems fit, quote terms i.e. a settlement amount and yield to maturity.

**1. How do the types differ?**

N/A

**2. Within each membership category, are all participants subject to the same rules and procedures? Please describe important exceptions, including both differences in rules across participants and the rationale for these differences.**

N/A

**B. Can participants establish accounts for their customers’ assets that are segregated from their own asset accounts at the SSS?**

Accounts are established based on deals agreed with counterparties, who are authorised designated personnel of counterparties under mandates and thereafter through confirmation of receipt of cash direct via TARGET.

1. *If so, is this accomplished through a single omnibus customer account or through a multiplicity of accounts and/or sub-accounts?*

N/A

2. *Is the segregation optional or compulsory?*

N/A

3. *Does the fact that a sub-account at the SSS bears the name of a third party give any right to that third party as a participant under the rules of the system?*

N/A

**C. Please describe participant requirements for each type of membership.**

1. *Are participants required to be domiciled or resident in a particular jurisdiction?*

No.

2. *Are participants required to be subject to a supervisory regime? If so, please describe.*

No.

3. *Are participants required to hold an equity stake in the SSS?*

No.

4. *Are there financial, economic, personal or other requirements (e.g. minimum capital requirement, “fit and proper” tests)? If so, please describe.*

No - money laundering legislation is reviewed and customers investing are monitored to ensure adherence.

**D. Does the SSS engage in oversight of its participants to ensure that their actions are in accordance with its rules and procedures? If so, please describe.**

NTMA ensures the customer operate under the Terms and Conditions of the Exchequer Note programme (see attached).

- E. Under what conditions can participants terminate their membership in the SSS? Does this mark the end of all liabilities of the participant? If not, please describe what liabilities could remain.**

N/A

- F. Under what conditions can the SSS terminate a participant's membership in the SSS?**

N/A

- G. Please describe the scope of the SSS's liability to participants, including the standard of liability (negligence, gross negligence, wilful misconduct, strict liability or other), the force majeure standard, and any limitation to the scope of liability of the SSS (e.g. indirect or consequential damages). Where are these liabilities and their limitations set out (e.g. in statute or contract)?**

The NTMA is obliged to repay funds at maturity of the notes to such accounts as specified in the participants mandate.

#### **IV RELATIONSHIPS WITH OTHER SSSS AND COMMERCIAL INTERMEDIARIES**

- A. Does the SSS maintain linkages (including sub-custodian or cash correspondent relationships) or other relationships with other SSSs?**

The NTMA as part of its borrowing activity in the Irish market also issues Government Bonds in the name of Ireland acting through the NTMA. These bonds are issued and currently settled through the Central Bank of Ireland, namely the CBISSO. In the final quarter of 2000 settlement of Irish Government Bonds will be transferred to Euroclear. The Central Bank currently act and will continue to be the registrar of these bonds, the NTMA is the registrar of Exchequer Notes.

**1. Please identify each of the other SSSs used and the type of securities transferred via the linkages.**

See A above.

**(a) What is the name of the other SSS? Where is it located?**

CBISSO at the Central Bank of Ireland.

**(b) What securities are eligible for transfer via the linkage to the other SSS?**

N/A

**(c) Are transfers of securities made via the linkage to the other SSS limited to only those that are free of payment or are transfers against payment also made via the linkage to the other SSS? If against payment, please describe the timing of the transfers and the corresponding payments.**

N/A

**(d) Does the other SSS provide custody services to the SSS and, if so, who bears any credit or custody risks?**

N/A

**B. Does the SSS use securities custodians (other than the other SSSs addressed in the previous question) and/or commercial cash correspondents? Please identify the custodians or cash correspondents used and the duties that each performs.**

N/A

**C. Please describe the standards used in approving or reviewing relationships with other SSSs, custodians or cash correspondents, including any financial or operational requirements or the presence of insurance or public supervision.**

N/A

- D. Does the SSS advance funds or securities to or on behalf of other intermediaries such as issuing or paying agents? If so, please identify the circumstances in which such exposure could arise.**

N/A

- E. Please describe measures in place to protect the SSS and its members against the failure of other SSSs or commercial intermediaries to meet obligations to the SSS, including risk controls, collateral or alternative sources of funds and securities.**

N/A

**V. SECURITIES TRANSFERS, FUNDS TRANSFERS AND LINKAGES BETWEEN TRANSFERS**

- A. Please discuss whether and how settlement instructions are matched between participants prior to processing by the SSS.**

Investments by counterparties in Exchequer Notes are agreed with NTMA authorised dealers. Prior to settlement, deal details including settlement details are agreed with counterparties mandate. Finality of settlement is guaranteed through confirmation of cash by the NTMA via TARGET - it is only on receipt of this cash confirmation that Notes are issued to purchasers.

**1. *Is matching required for all transactions without exception?***

Yes

**2. *What procedure is used when instructions do not match?***

Settlement of cash is effected through the NTMA TARGET settlement account. If cash receipt is not confirmed to the NTMA the Notes are not issued. At redemption date, settlement is also through the NTMA TARGET account - the NTMA returns cash to the purchaser and the register is updated to record "nil" balance.

**3. *Are matched settlement instructions binding on participants?***

Yes - mandates are requested from customers detailing their settlement instructions. Changes to their standard settlement instructions have to be received in writing from authorised personnel.

(a) **If so, please describe the consequences of failure by participants to meet obligations (e.g. forced settlement, penalties, short positions).**

See V.A. 2.

(b) **Please describe whether this is a feature of the SSS's rules and procedures or of national law or regulations.**

This is a feature of Terms and Conditions of Exchequer Notes programme.

(c) **Please provide a time line indicating the points at which matched instructions become binding, as well as any pre-matching process that takes place.**

The NTMA is willing to quote Terms for Notes each business day between 8.00 am and 4 p.m. (settlement on T) and between 2.00 pm and 4.30 p.m. (Settlement T+1). If agreement is reached by 3 PM the purchaser may transfer cash to the NTMA TARGET settlement account. Upon confirmation of cash receipt, the note is issued registered and settlement is deemed to be final by 5.00pm at closure of TARGET.

**B. Are securities transferred within the SSS registered?**

Yes

**1. Who is the registrar?**

Ireland, acting through the National Treasury Management Agency

**2. Is it normal practice to register the securities in the name of the SSS (or its nominee) or in the name of the beneficial owner? Are there instances in which securities housed within the SSS are registered to neither the SSS (or its nominee) nor the beneficial owner?**

Registered in name of beneficial owner. Notes housed within the SSS are never registered to other than beneficiary.

3. *If the SSS offers custodial services, will it hold securities registered in the name of the beneficial owner?*

SSS does not offer custodial services.

4. *Under what circumstances does the SSS initiate registration of securities in the buyer's name?*

Settlement is guaranteed through confirmation of cash settlement into the NTMA TARGET settlement account- it is only following receipt of this confirmation that Notes are actually issued to the purchasers and registered in their name.

5. *How long does the registration process typically take? Are participants notified when registration is complete?*

See VA3 (c)

Registered holders of Exchequer Notes are issued with hard copy paper confirmation when complete on same day basis.

6. *Can securities be transferred within the SSS before registration in the buyer's name is complete? If so, do the rules and procedures of the SSS provide for an unwind or reversal of such transfers in case of bankruptcy or other events with result in the buyer's name not being entered on the register?*

No. Exchequer Notes cannot be transferred within the SSS before registration in the buyers name is complete.

**C. Please describe how securities transfers are processed within the SSS.**

See point 9 of Terms and Conditions of Exchequer Notes programme attached.

1. *Please indicate whether the transfers are processed as debits and credits to members' accounts or via some other method.*

Transfers are effected in the in-house developed Oracle application per C above.

2. *On a continuous (real-time) basis, or in one or more batches?*

Authorised transfers per terms and conditions of Notes programme are processed as received.

3. *If continuous, during what hours does the processing occur? If in batches, at what time or times is the processing initiated and completed?*

Transfers are effected during normal working hours.

4. *Do securities settlements occur daily? Please identify securities for which settlement occurs only on specific days of the week or month.*

Exchequer Note settlements occur daily. No security is offered where settlement occurs only on specific days.

**D. Please describe whether final funds transfers in conjunction with the SSS are made as debits and credits to balances held at the SSS, at one or more commercial banks, at the central bank, or via some other method.**

All receipts and payments of cash are effected through the NTMA TARGET settlement account.

1. *Does the SSS maintain cash accounts for its participants? Are these accounts equivalent to deposit accounts at a commercial or central bank or do they serve only as “cash memorandum” accounts?*

No.

2. *On what entity (SSS or other) does the participant bear cash deposit risk?*

None.

3. *Under what circumstances does the SSS provide credit extensions or advances of funds to its participants and thereby expose itself to credit risk?*

None.

4. *How long can such credit extensions last? How long do they typically last?*

N/A

**E. Is the SSS a DVP system? If so, please describe the DVP model used according to the models outlined in the DVP Report. Please also provide a diagram indicating the timing of events in the processing of securities and funds transfers in the SSS. Where the SSS provides more than one alternative for settlement processing, please provide a response for each alternative and indicate the relative importance of each alternative.**

**1. *Are funds transfers and securities transfers processed within the same system or in different systems? If different, how are they linked?***

Security transfers are effected through the in-house developed Oracle application. It is intended that final transfers will be effected through a file transfer from the Oracle transfer application to Swift payment system.

(a) *Please describe whether each securities transfer is linked to a specific funds transfer on a trade-by-trade basis or on a net basis or via some other method.*

Trade by trade and receipt of cash settlement at the NTMA TARGET settlement account.

(b) *Does the SSS “split” large transactions into multiple transactions or require participants to do so?*

At customers request - see terms and conditions attached.

**2. *When do securities transfers and funds transfers become final?***

(a) *At what time do securities transfers become final? After what event or events?*

Receipt of signed transfer form signed by authorised personnel per customer mandate under terms and conditions. See point A.

(b) *At what time do funds transfers become final? After what event or events? Does this timing allow for same-day retransfer of funds received in exchange for securities?*

Funds transfers become final when cash settlement is received by the NTMA TARGET settlement account. It is only on receipt of this confirmation that Notes are actually issued to purchaser.

(c) *If final delivery of securities precedes the final transfer of funds, can participants dispose freely of such securities prior to funds*

*finality? If so, what actions will be taken if funds are not received?*

No delivery of securities occurs until cash is received per 2 (b). If funds are not received the Notes are not issued/registered.

- (d) *If final delivery of funds precedes the final transfer of securities, can participants dispose freely of such funds prior to securities finality? If so, what actions will be taken if securities are not received?*

N/A

- (e) *Does the timing of finality differ depending on the type of security transferred or the currency in which payment is to be made? Please describe.*

N/A

3. *Please discuss whether participants are notified of securities or funds transfers while they are still provisional, only when they are final, or both.*

Final only.

**F. Does the SSS itself “guarantee” funds or securities transfers?**

1. *Under what circumstances and at what point are transfers guaranteed by the SSS?*

Only when a signed transfer form is received from registered owner.

2. *What actions does the guarantee obligate the SSS to take?*

Registered in correct name - repay at maturity to registered owner only.

3. *Please indicate whether the guarantee is a feature of the SSS’s rules and procedures or of national law or regulations.*

N/A

**VI. DEFAULT PROCEDURES**

- A. Please discuss the events or circumstances that would constitute default of a participant under the rules and procedures of the SSS or that would lead the SSS to make use of exceptional settlement arrangements or unwind procedures.**

No cash - no Exchequer Notes are registered.

- 1. *Failure by a participant to meet a test of its solvency under the applicable laws of its jurisdiction?***

No cash - no Notes.

- 2. *Failure to make payments or deliveries of securities within the time specified?***

Per 1 above.

- 3. *To the extent that the rules and procedures grant discretion in the determination of the use of default or other exceptional procedures, please discuss where the authority to exercise such discretion resides and the circumstances in which this authority would be used.***

No discretion in rules.

- B. What procedures are followed by the SSS once it has determined that a default event has occurred or that exceptional settlement arrangements are to be employed?**

- 1. *How and at what point are participants notified that this has occurred?***

If funds are not received in the NTMA TARGET settlement account the NTMA will contact the counterparty immediately. No Notes are issued if no funds received.

- 2. *Would the SSS be expected to continue to meet all its obligations to participants under these circumstances? Please discuss the resources in place to ensure that this would occur (e.g. collateral, participants' fund, insurance, loss-sharing arrangements, etc.)***

If cash is not received by NTMA, no Notes are registered, therefore NTMA has no obligation.

- 3. *Please describe and provide a time line indicating the order in which these resources would be used as well as the timing of participant notifications and important deadlines (e.g. when the SSS's obligations***

*to participants would be met, when participants would need to cover their loss-sharing obligations).*

N/A

**4. *Please describe all conditions under which provisional transfers of securities or funds could be unwound by the SSS.***

N/A

**(a) *How and at what point are participants notified that this has occurred?***

N/A

**(b) *When and how would participants be notified of a decision to unwind provisional securities or funds transfers?***

N/A

**(c) *How long would participants have to cover any debit positions in their own securities or funds accounts resulting from an unwind?***

N/A

**(d) *In the event of an unwind, would all transfers be unwound or would only a subset of transfers (e.g. only securities purchases or only those of a subset of participants) be unwound?***

N/A

**(e) *If only a subset of transfers, what procedure would be followed to determine which transfers and in what order?***

N/A

**5. *Can bankruptcy or insolvency be declared retrospectively in the SSS's jurisdiction (e.g. under a "zero-hour" rule), and could this cause provisional securities or funds transfers to be unwound?***

N/A

6. *Please describe any circumstances in which transfers of securities or funds that were defined as final in response to question V.E.2 above would ever be unwound.*

N/A

- C. **Has a participant in the SSS ever been declared in default or become insolvent?**

*No.*

1. *Have loss-sharing procedures been invoked?*

No.

2. *Please describe whether any of these defaults or insolvencies resulted in losses for the SSS or its participants and how they were absorbed.*

N/A

## VII. SECURITIES OVERDRAFTS, SECURITIES LENDING AND BACK-TO-BACK TRANSACTIONS

- A. **Is it possible for debit positions (overdrafts) in securities accounts at the SSS to arise?**

No.

1. *Under what conditions could such debit positions occur?*

N/A

- (a) *Do these conditions always result in debit positions in securities accounts rather than failed transactions? If not, please explain the basis for differential treatment by the SSS.*

N/A

- (b) *Are these situations covered explicitly by the rules and procedures of the SSS?*

N/A

2. *How long can such debit positions last? How long do they typically last?*

N/A

3. *How are debit positions in securities accounts prevented, rectified or managed?*

N/A

**4. *What procedures would be followed by the SSS in case the debit cannot be rectified? (e.g. failure by a participant with a debit balance in a securities account or unavailability of the securities in the market)***

*(a) Application of loss-sharing provision allocating the loss to participants?*

N/A

*(b) Absorption of the loss by the SSS?*

N/A

*(c) Other? Please specify.*

N/A

**B. Under what circumstances does the SSS provide for lending of securities to ensure settlements?**

N/A

**1. *Is the process for lending securities automatic? If not, please describe the procedures used by the SSS to determine whether a securities loan will be made.***

N/A

**2. *At what point are participants notified that securities are being lent to them in order to complete their settlements?***

N/A

**3. *Which securities on deposit at the SSS are eligible for lending? Do participants have the option to make securities available for lending or is it mandatory?***

N/A

**4. *Are lent securities identified by the SSS with specific participants as lenders or only with a common pool of securities available for lending? Does the participant whose securities are lent become a principal to the transaction.***

N/A

**C. How does the SSS settle back-to-back transactions?**

- 1. Under what conditions are delivery instructions by participants receiving and redelivering securities on the same day under back-to-back transactions settled for same-day value.**

N/A

- (a) *Only if the participant has securities on deposit with the SSS that have been received pursuant to a final securities transfer?*

N/A

- (b) *If the participant has securities on deposit with the SSS that have been received pursuant to a provisional securities transfer?*

N/A

- (c) *Before securities have been received either provisionally or finally, but when a matched receipt instruction exists for the same or greater value? Is such a practice limited to markets where matching is binding?*

N/A

- (d) *Before securities have been received either provisionally or finally, but when a third party has promised to deliver to the SSS securities of the same or greater value? Must the provider of the guarantee have itself received the securities through a final transfer? Please describe how the SSS evaluates such promises, and whether they are addressed by the written rules and procedures of the SSS.*

N/A

- (e) *Other? Please specify.*

N/A

- 2. Please describe limits or controls in place with respect to any of the above arrangements for the settlement of bank-to-back transactions, including limits on amount involved or related to the liquidity of the underlying securities.**

N/A

- 3. Under what conditions are payment instructions by participants in the SSS under back-to-back transactions settled for same-day value? Can participants use the proceeds of an on-delivery of securities with the need for an extension of credit?**

N/A

## VIII. RISK CONTROL MEASURES

**A. Please describe the roles and responsibilities or those areas of the SSS responsible for risk management and control.**

**1. *Please describe the process for the internal review of risk management policies and procedures.***

Risk management methods are vigorously applied in the form of Office Instructions, Product Descriptions, segregation of duties, Daily review by the Head of Control, bi-annual review Internal Auditors and annual review by External Auditors.

**2. *Is there a risk management policy that addresses the review and approval of new products and services offered by the SSS? At what level of the organisation is risk management approval given for a new product or service.***

By Chief Executive in consultation with business manager.

**3. *Does the SSS have a risk management function with clear independence from the authority over operational or marketing functions?***

Yes. Head of Control is an independent function.

**4. *Does the Board of Directors review risk management policies and procedures? Does the Board have a risk management or audit committee?***

The Chief Executive of the NTMA is appointed by the Minister for Finance. The Chief Executive is responsible to Minister for Finance and he is the Accounting Officer for the purposes of the Dail/(Irish Parliament) Public Accounts Committee.

**B. Please describe any internal or external audits or supervisory/regulatory examinations that are performed with respect to the SSS. For each such audit or examination, please address the following questions.**

The NTMA is subject to audit by the State Auditor - the Comptroller and Auditor General. There is an internal control function and internal audit is performed by a professional audit firm.

**1. *Who performs the audit or examination?***

See above.

**2. What is the scope of the audit or examination?**

Full audit review of controls and procedures.

- (a) *Please indicate whether and how it address the sufficiency of and compliance with internal controls.*

Reviews of Product Descriptions, Office Instructions, a sample of deals are examined on a test basis to test compliance.

- (b) *Please indicate whether and how it addresses the SSS's compliance with its own rules and procedure*

Head of Control reviews compliance on daily basis.

**3. What is the frequency of the audit or examination?**

Daily - Head of Control  
Internal Audit - Twice a year  
External Audit - once a year

**4. Are audit or examination reports available for review by both participants?**

Reports issued to Chief Executive and external audit opinion published annually in Annual Report.

**C. Please discuss whether the SSS has the capacity to value (i.e. mark to market) the securities that it holds.**

Yes.

**1. Please describe how these valuations are used by risk control systems at the SSS.**

As Issuer we receive cash and issue notes. NTMA is the creditor.

**2. How frequently are securities revalued?**

Daily

**3. What are the sources for securities valuations?**

- (a) *What outside price or data sources are used?*

EUR Yield Curve.

- (b) *If pricing models are used, please describe how the models are chosen and how the model inputs are obtained.*

UBS System - System developed by AAA Bank, UBS AG, and interfaced with Corporate Oracle database.

**D. Please discuss whether the SSS has a lien on the securities held in or transferred through it.**

N/A

1. *Does the lien apply only to the securities owned by the participants themselves or does it extend to the securities beneficially owned by customers of participants?*

N/A

2. *Under what circumstances and in what manner would such a lien allow the SSS to use the securities?*

**E. Please discuss the circumstances in which the SSS requires collateral to limit or mitigate risks.**

The NTMA operation does not require collateral to limit or mitigate risk. The only collateral operations relate to provision of collateral to National Central Banks for monetary policy operations/intraday credit operations.

1. *Does the SSS manage its own collateral system?*

N/A

2. *Does the SSS share a collateral system with another SSS or payment system?*

N/A

3. *Can collateral at the SSS be posted and returned on the same day?*

N/A

4. *What types of transaction at the SSS involve the use of collateral?*

N/A

5. *What are the policies with regard to the type of collateral used or haircuts required?*

N/A

6. *How are collateral valuation methodologies developed and reviewed?*

N/A

7. *To what extent are collateral policies described in the written rules and procedures of the SSS?*

N/A

**F. Please describe the SSS's use of limits on exposures to monitor or control risks.**

Describe business of NTMA as Issuer page 1.

1. *Please explain the types of limit used and the exposures to which they apply.*

N/A

2. *Do the limits apply to all participants and/or to other SSSs with which the SSS is linked? What are the exceptions to the limits?*

N/A

3. *Do limits apply to participants individually or in the aggregate or both?*

N/A

4. *Do limits apply to implicit as well as explicit extensions of credit or securities (e.g. when on-deliveries of securities are permitted pursuant to provisional but not final delivery of securities)?*

N/A

5. *Does the SSS automatically reject transactions that exceed limits or is compliance determined ex post?*

N/A

6. *How are limit policies developed and reviewed?*

N/A

7. ***To what extent are limit policies described in the written rules and procedures of the SSS? Where does additional authority to set or amend limit policies reside?***

N/A

G: *Please describe other controls to mitigate or reduce risk at the SSS.*

N/A

1. **Does the SSS or its participants have the capacity to monitor participants' accounts continuously during processing?**

N/A

2. **Is there a special risk control regime that the SSS would apply to a participant know to be experiencing financial difficulties?**

N/A

3. **Does the SSS maintain or administer loss-sharing arrangements other than those applicable to events of default and addressed in Section VI above? Are these loss-sharing pools pre-funded by participants?**

N/A

## **IX. OPERATIONAL RISKS**

- A. **Please provide assessments of the operational reliability of the computer and other systems used by the SSS, including any criteria that the SS uses internally for this purpose.**

The NTMA operates an efficient and reliable system which was developed in house using the Oracle database.

1. **What is the percentage uptime of the systems used by the SSS?**

The systems are continually operational.

- (a) *Whole system overall?*

See A.1. above.

- (b) *Broken down by major components? (e.g. communications network, central processing facility).*

See A.1. above.

- (c) *During critical processing periods?*

See A.1. above.

2. **Has the SSS experienced major operational problems during the past two years?**

No

- (a) *Have settlements been delayed, been disrupted or otherwise failed because of operational problems during this period?*

No

- (b) *Please describe the nature of any such problems?*

N/A

**B. Please describe contingency or disaster recovery planning at the SSS.**

A comprehensive business continuity plan is maintained by the NTMA, with every component of the system replicated and operational.

1. **Does the SSS have a formal plan for business continuity in place?**

See B. above.

2. **Is this plan available for review by participants?**

No.

3. **How often is this plan tested? Does this involve participants in the SSS?**

The plan is not tested per se but is reviewed on an ongoing basis.

4. **What are the major elements of the business continuity plan?**

To ensure that the NTMA can be fully operational in the event of non-access to its current location, or in the event of a complete system breakdown.

5. **How long would it take the SS to resume operations if primary systems become unusable?**

Within 4 hours.

**C. What are the key features of the internal controls covering operations and security at the SSS (e.g. change controls or those covering remote access)?**

Use of passwords, authorised signatures lists, reconciliations of balances and confirmation of positions.

1. **Please describe controls or security procedures in place to ensure that the SSS acts only on authentic settlements instructions from valid participants.**

See C. above.

2. **Are internal operational and security controls included in the internal and/or external audits or the SSS?**

Yes

3. **Are internal operational and security controls covered by regulatory requirements applicable to the SSS?**

No

- D. **Does the SSS impose minimum operational or performance standards on third parties (e.g. communications providers)?**

N/A

1. ***How does the SSS ensure that such standards are met on a continuing basis and what sanctions are available to the SSS if they are not?***

N/A

2. ***How would the SSS allocate losses incurred due to operational problems caused by third parties?***

N/A