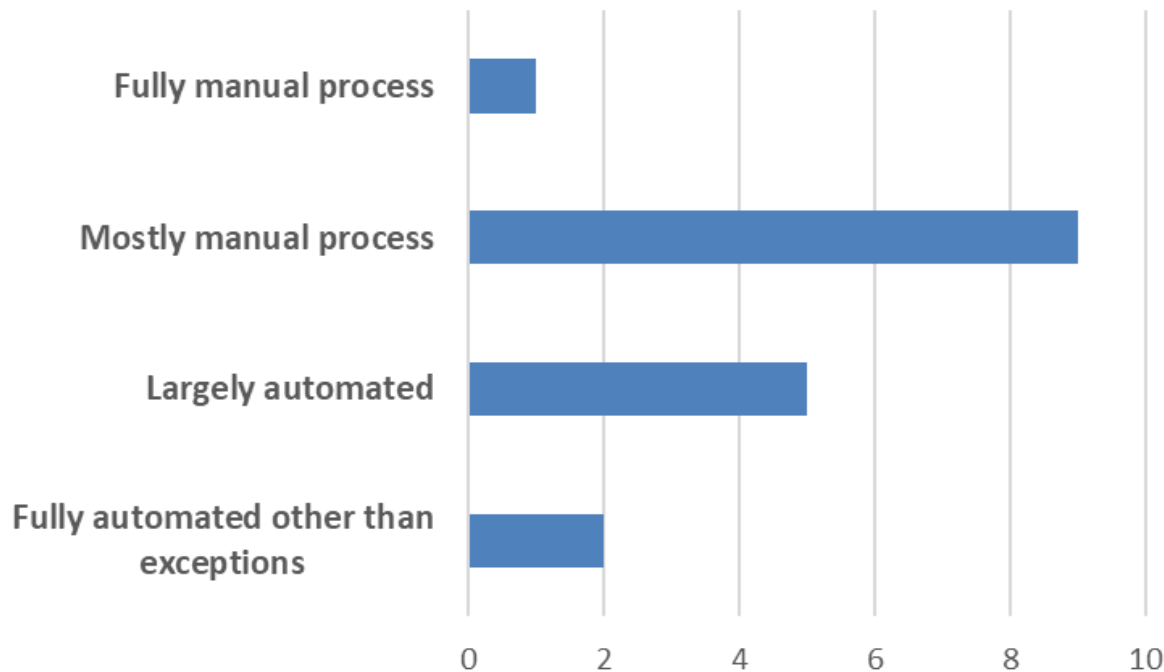


ERCC survey on manufactured payments & SFT identification - summary of results

June 2025

(a) Manufactured payments

Q1: Considering your process for the handling of the payment or receipt of manufactured payments for repo, how would you describe the level of automation?

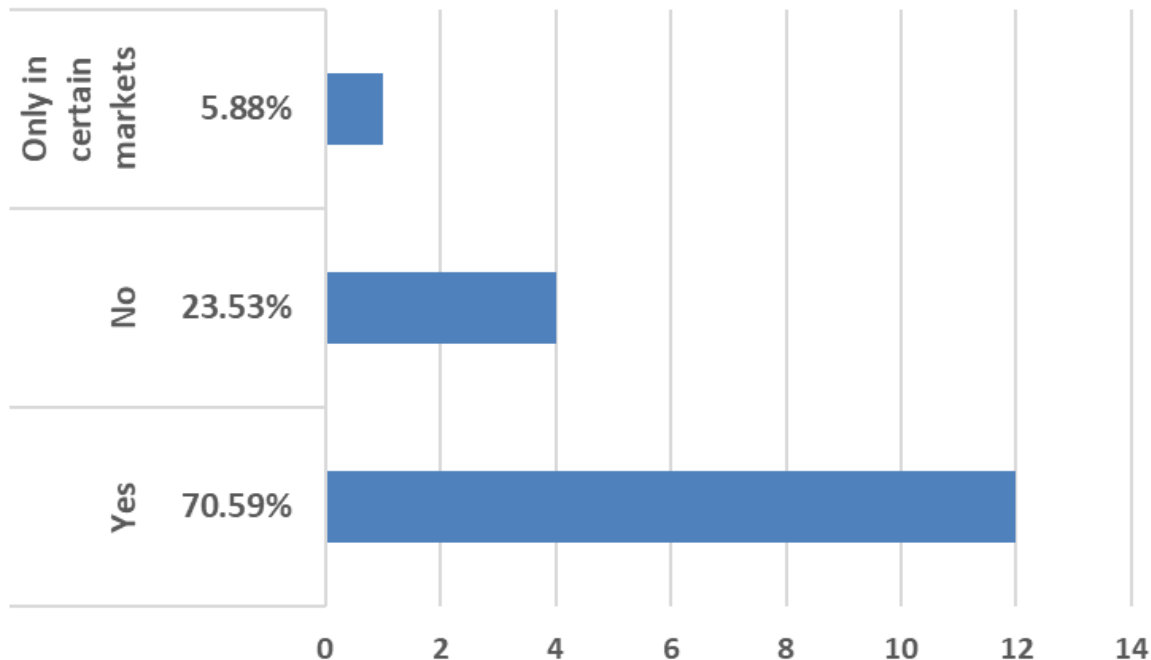


Please describe:

- Confirmations manual
- Claims executed and agreed via email, manual payments executed bilaterally
- Most payments automated, but issues related to static data on some coupon payments
- Receipt and processing of event is STP. Coupon exchange in the interdealer market, claim issued automatically but payment manual
- Internal RPA process
- System generates payment flows, but contact with the c/party manual via email

(a) Manufactured payments

Q2A: Is the problem of late manufactured payments for repo a material concern for your organisation?

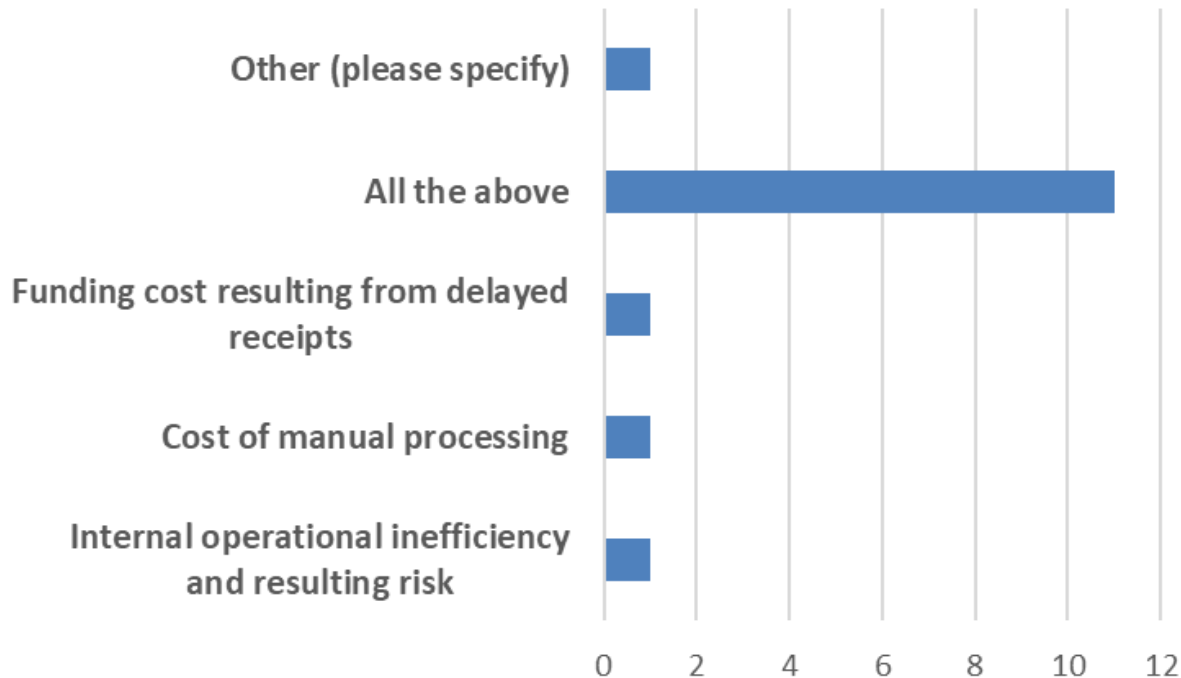


Further detail:

- In case of late payment
- Always a problem to receive expected payments days after the expected date
- We are proactive in the process
- When counterparties are not able to agree
- No practice of interest claims for late receipt of all coupon claims including repo manufactured payments
- for all payments non-EUR

(a) Manufactured payments

Q2B: If you answered yes to A, what are the key issues you are facing?



Other (please specify):

- Lack of market standardisation in collecting income claims. Brokers and custodians operate on different time frames in relation to pay date

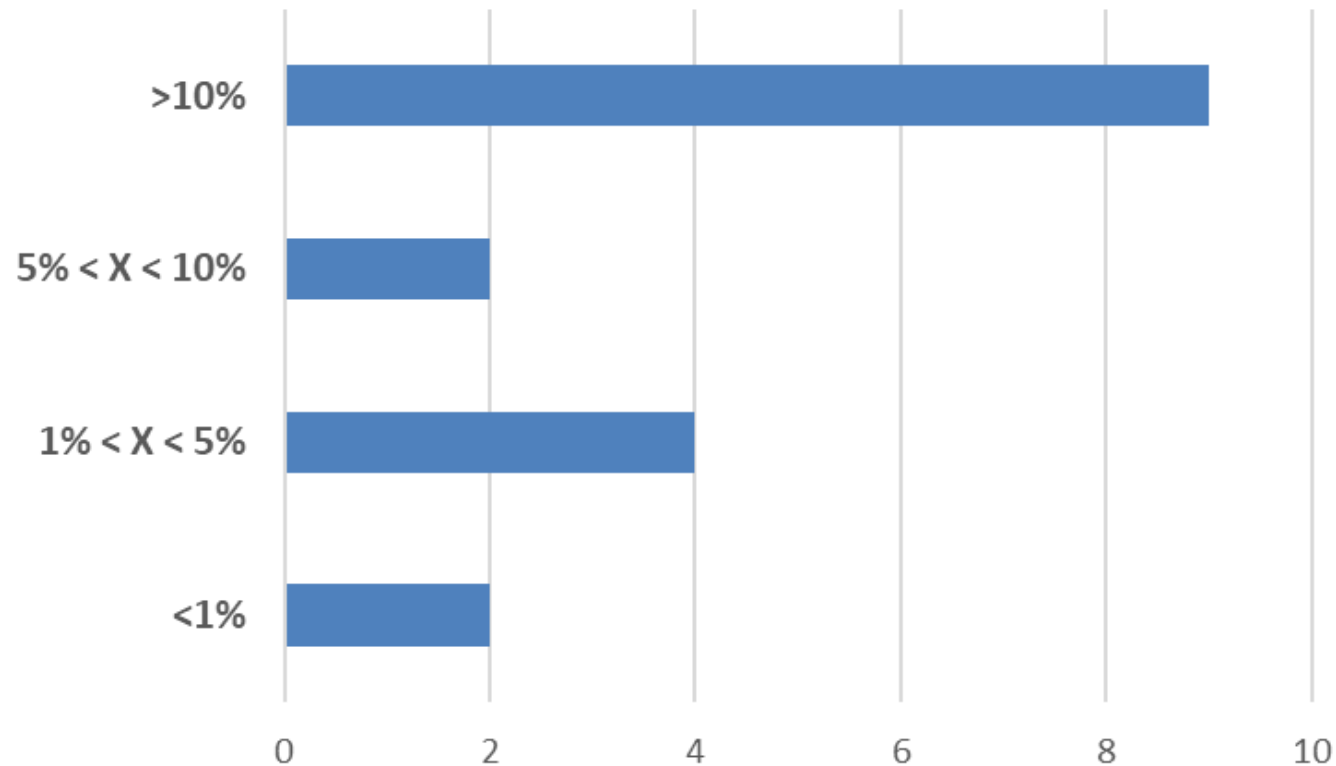
(a) Manufactured payments

Q3: Are there any particular blockers in the current process? Please explain.

- European market should put in place repo tracking as per US market
- No unified approach across all brokers, not all parties following the best practice
- Manual processing of claims
- Static data and value chains
- No. We would strongly welcome any form of automated solutions
- We don't think so, unless they depend on us
- No issue at the moment
- The market still mainly operates on the receipt of a manual claim letter before payment can be made
- Varying levels of timely response from clients and multiple SSIs that require confirmation with clients
- Operational Budget - vendors are helping to automate but there are costs involved to implement not just to sign up for the service
- Delay from client to recognize the claim and settling the claim

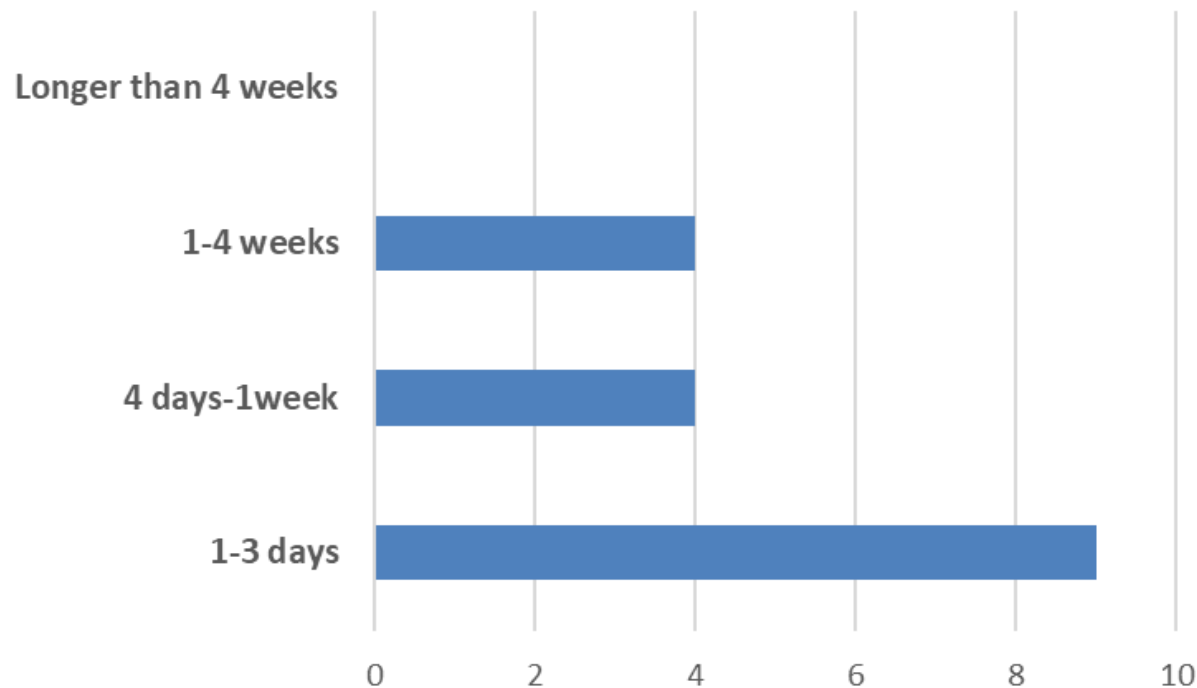
(a) Manufactured payments

Q5A: Please estimate in a typical month the share of all incoming manufactured payments (across all markets) that are delayed by one day or more?



(a) Manufactured payments

Q5B: Out of all delayed manufactured payments, please estimate in a typical month the average length of the delay?

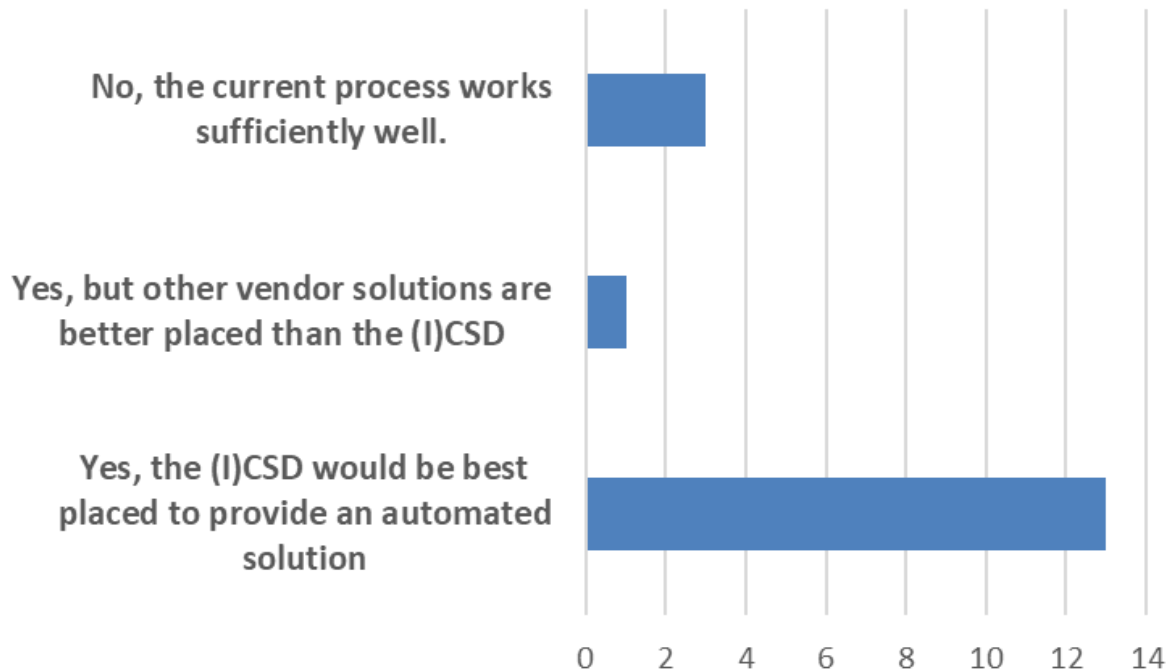


Comment:

- Delay from the issuance of the claim once manually issued in the interdealer market

(a) Manufactured payments

Q6: Do you think that it would be beneficial to automate the manufactured payments process and how should this be done?

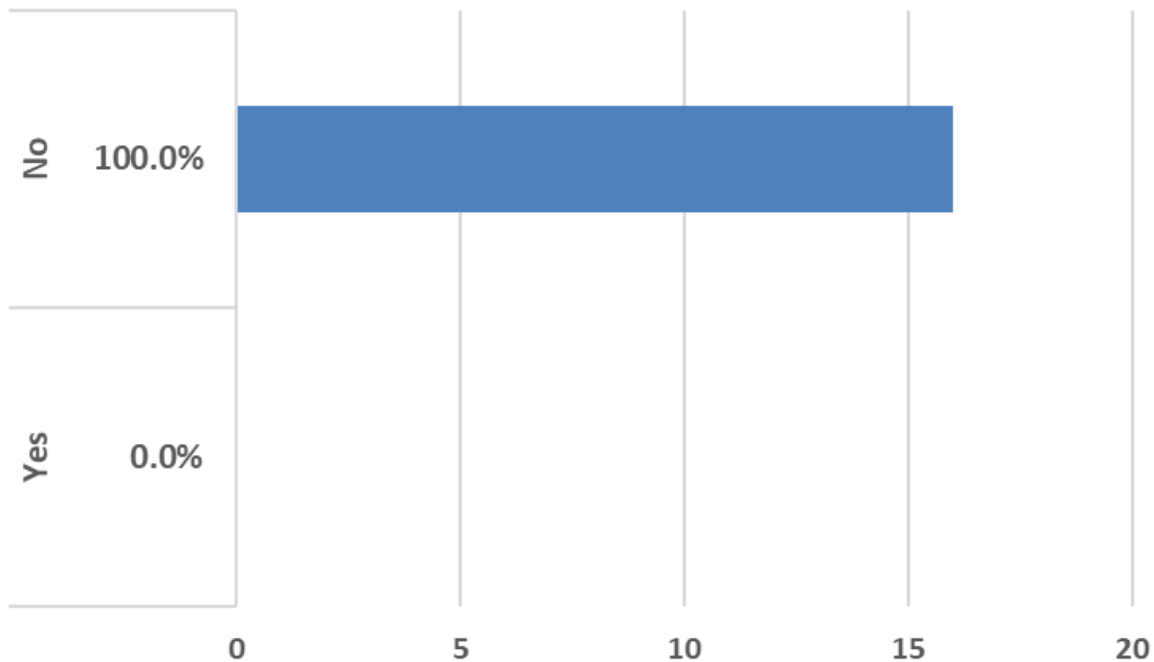


Please explain:

- Already automated
- Euroclear/Clearstream particularly problematic
- Vendors are good but everyone needs to work with one provider to avoid fragmentation
- CSD would be the best solution, but unclear if all global CSDs would want to provide, so 3rd party solution likely has more scale. However, such a service should be low cost with no minimum fee and low barrier to entry to ensure small players can enter the market

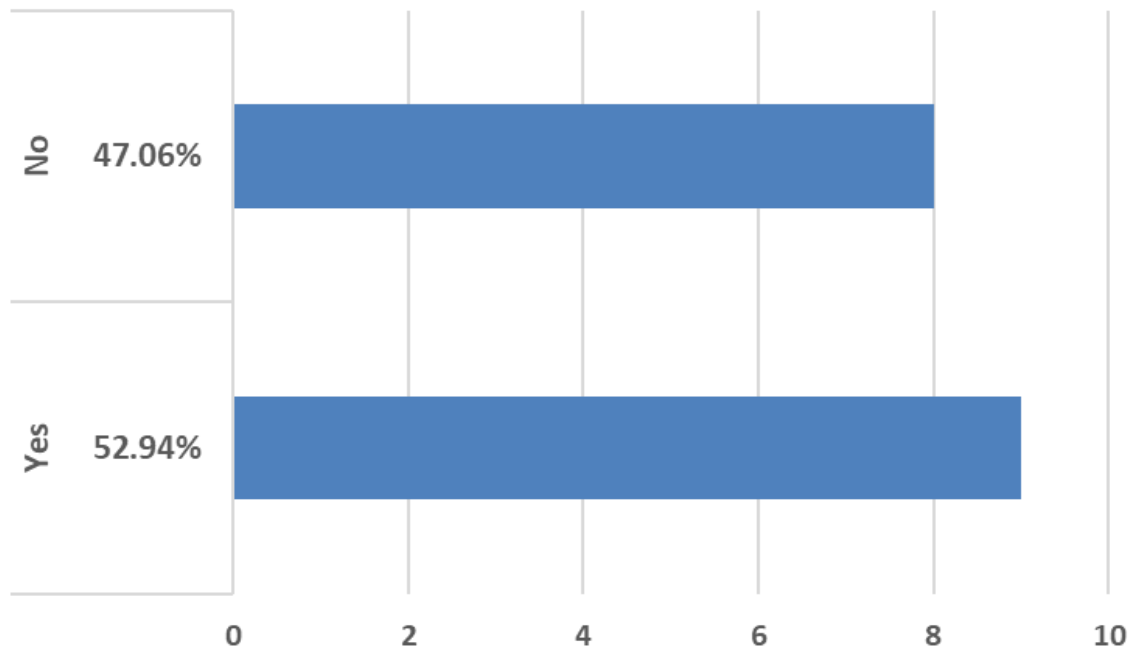
(a) Manufactured payments

Q7A: Would your answer to question 6. differ between the UK and other European markets (ICSDs/T2S)?



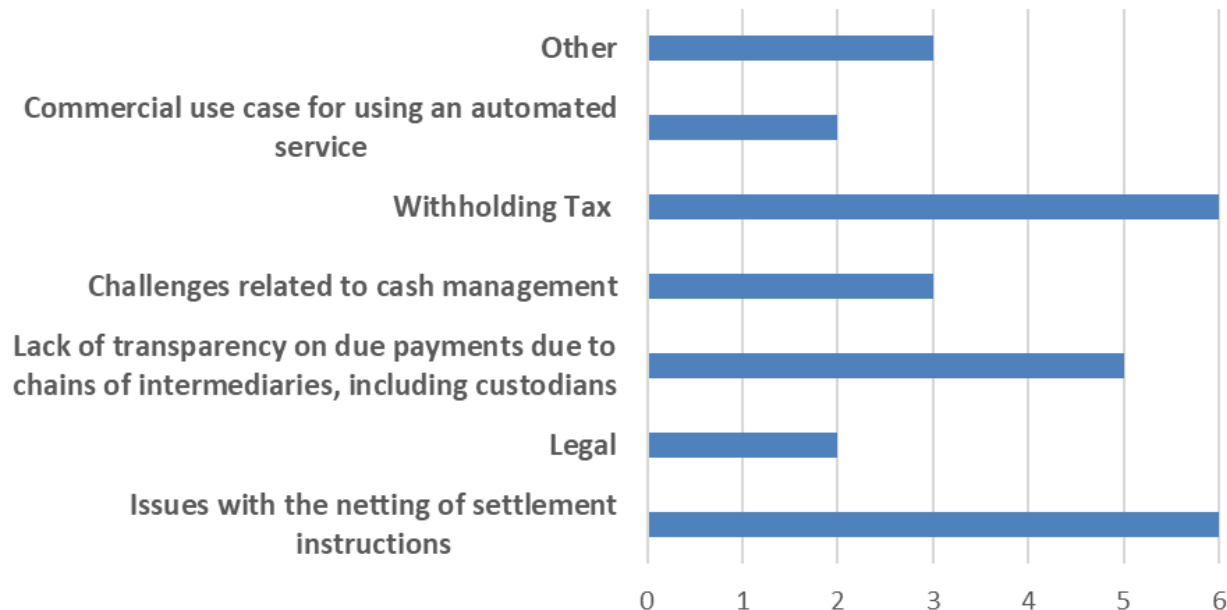
(a) Manufactured payments

Q8A: Do you see any obstacles to automating the manufactured payment process?



(a) Manufactured payments

Q8B: If yes, please explain the key issues that you are seeing.

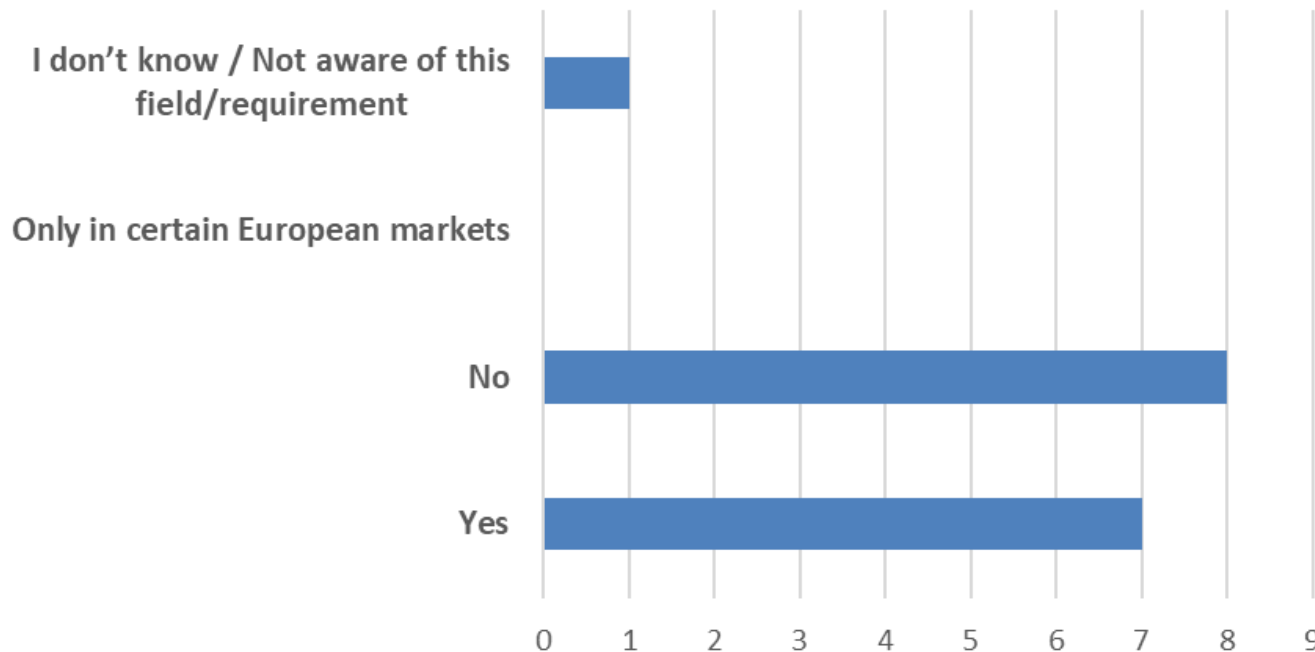


Please explain:

- Other: Reliance on counterparties to adhere to industry best practices, inclusive of populating the SFT transaction type in the SWIFT message
- Other: CSD/ ICSD check the long record data and fail cash trades
- One respondent gave Italy as an example

(b) Identification of SFTs

Q1: Do you currently attempt to identify SFTs in your settlement instructions by completing consistently the “transaction type identifier” (field 22:F or equivalent field, e.g. “CSDR transaction type” in CREST)?

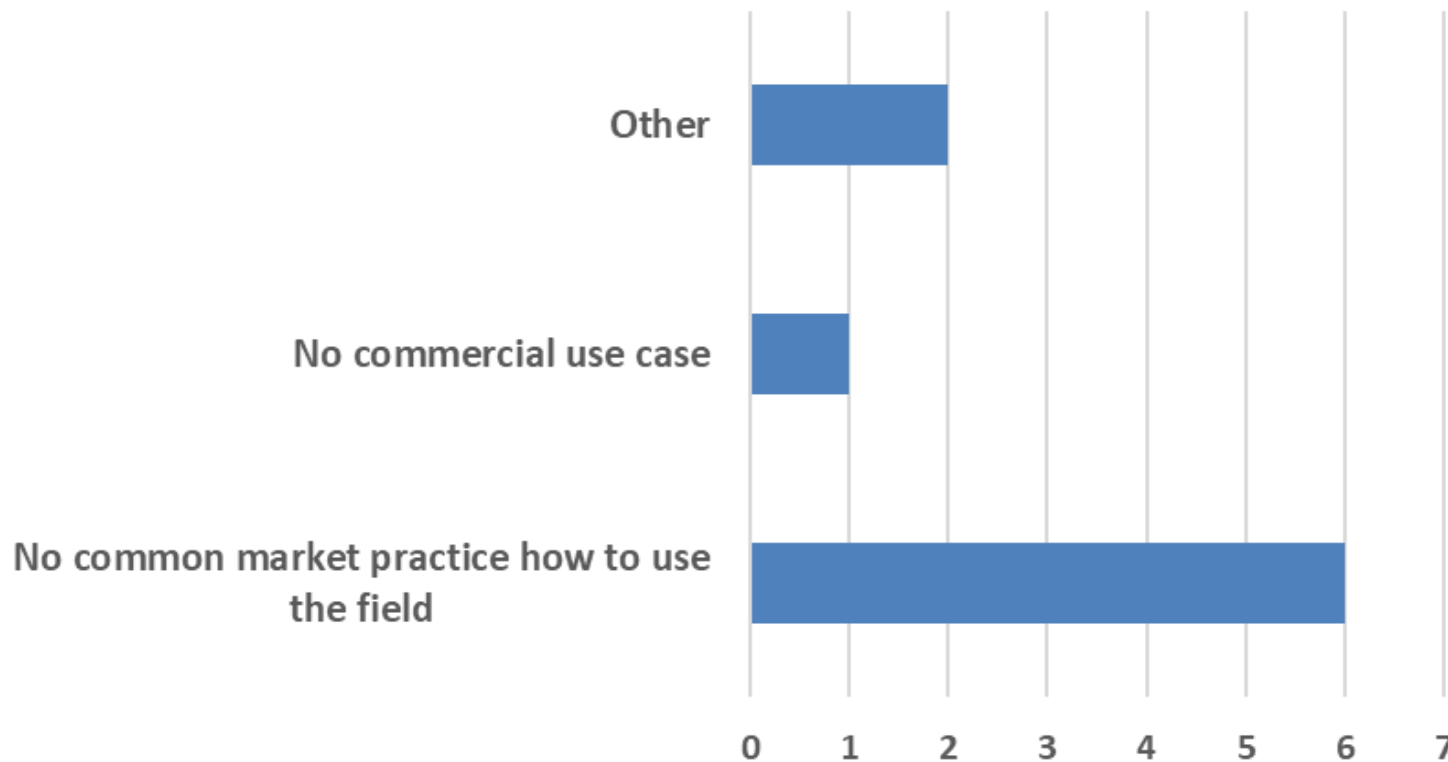


Please explain:

- Compliance with ISO Swift standard
- No because is not a requirement at the moment
- Yes, our current system is configured to send out swift messages with 22:F REPU and RVPO
- Yes, but only for SBL on UKT

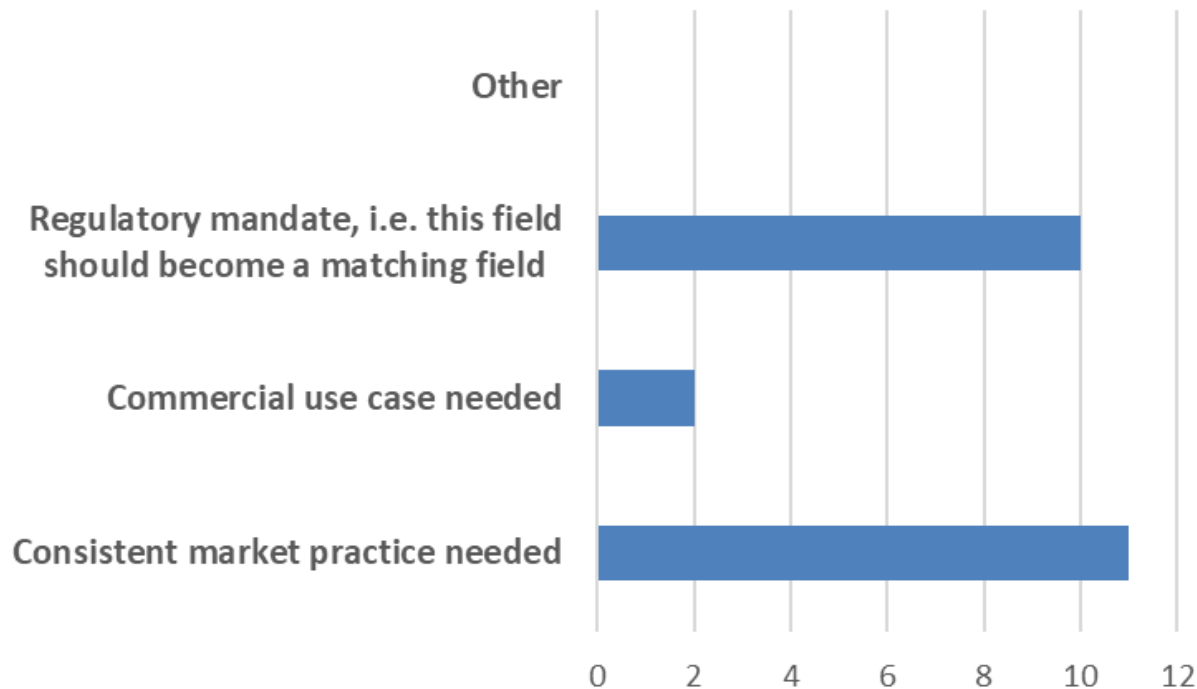
(b) Identification of SFTs

Q2: If you chose “No” or “Only in certain markets”, what is the main reason your firm is currently not using the “transaction type identifier” consistently?



(b) Identification of SFTs

Q3: In your view, what needs to happen for firms to use the “transaction type identifier” consistently?



Comment:

- We have ACAP coming on for UST automation, we already have SBL auto comp in UK, we need to see markets automating for Repos