



Securities Services

Depository services

Depository services for investment funds (funds and SICAVs) and pension funds (individual, associate and employment schemes).

The service has the AENOR-UNE-EN ISO 9001, certification for quality management, which was renewed in 2015.

Activity during the year

In financial year 2015, total assets under custody at Cecabank increased to reach 89,477 million euros, as a result of both the increase in assets from investment and pension funds previously deposited, and the addition of new managers as clients of our depository services

February 2015

A total of eighty pension funds, with total assets of 2,130 million euros, managed by three managers- Unicorp Vida, Caja España Vida and Duero Pensiones, were transferred from the Unicaja group.

March 2015

After the bail-out of Banco Madrid Gestión, the Spanish stock exchange commission, CNMV, designated Cecabank as the provisional depository for the investment funds which were deposited at Banco Madrid at the time and initially managed by Banco Madrid Gestión de Activos (BMGA) and then by Renta4 Gestión. The transfer of these funds implied the addition of 21 investment funds (880 million euros), 14 SICAVs and 1 SIL (479 million euros).

As of 31 December 2015, assets from funds amounted to 186.6 million euros. Moreover, 32 investment funds, with assets amounting to 2,537 million euros managed by Barclays Wealth Management, after Caixabank acquired Barclays, were added.

April 2015

The 27 pension funds and an EPSV, with total assets amounting to 1,062 million euros, managed by CNP Barclays, were added.

May 2015

As a result of Caixabank's acquisition of Barclays mentioned above, 62 SICAVs, with assets amounting to 492 million euros managed by Barclays Wealth Management, were also deposited at Cecabank.

September 2015

A total of 97 investment funds and 4 SICAVs, with assets amounting to 5,507 million euros managed by Unigest and Unicorp Patrimonio, were transferred from the Unicaja group.

December 2015

Cecabank was appointed the depository for the investment and pension funds and EPSV previously deposited at Abanca. The 11 investment funds have total assets of 1,088 million euros and are managed by Imantia Capital. The 33 pension funds and the EPSV (1,412 million euros in assets) are managed by three different entities. Two of them joined Cecabank as new clients: Abanca Vida y Pensiones and Abanca II Vida y Pensiones

Main figures

December 2015

Cecabank is the leading independent Spanish depository for investment and pension funds.

Assets under custody in excess of

89,479 million euros

Divided between

1,135 investment and pension funds

Managed by

25 companies

03 Our Business Model

1. **Strategic lines** | Economic and regulatory environment | Building the future | Business lines
2. **Financial information** | Activity | Income Statement | Capital base | Ratings
3. **Business risk** | The risk function at Cecabank



Securities Services Custody and settlement

Custody and settlement services in both national and international markets, which enable clients to cover all markets and products types, with a single supplier. Cecabank is one of the leading suppliers in the Spanish market in terms of both the daily volume settled and assets under custody.

Cecabank has designed operating solutions to offer services to direct clients and to entities and managers with a large volume of assets and number of end customers. From our role as a leader and a specialist, we are taking part in all the working groups which are preparing the Reform of the Spanish Securities Market and *Target 2 Securities* (together with the CNMV, Iberclear, the Bank of Spain and the European Central Bank).

We are informing our clients of the operating and regulatory changes which the Reform and T2S will involve through communications, seminars and conferences. Cecabank has already added a new equities segment at the Central Counterparty, as a General Clearing Member, a position which enables us to extend our range of services for brokers and all types of market players.

Activity during the year

In financial year 2015, the service had the following priorities:

- To provide operating support for the integration processes of three entities and new managers in the Depositary activity.
- To take part in the working groups which have been formed (the CNMV, IBERCLEAR, BME CLEARING, the Bank of Spain and the European Central Bank), in the project called "Spanish Market Reform" to adapt operations to *TARGET 2 SECURITIES*.
- Adapting and developing new functionalities in the computer software which will enable us to meet the functional requirements established by market infrastructures within the framework of the Securities Market Reform.

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- Providing our clients with access to the first group of markets in the T2S platform.

Main figures

December 2015

Assets under custody

111,000 million euros

17%

Trades settled

over 1,230,000

No. of trades settled

Spanish market

Equities
933,761

Public debt
152,011

Private fixed income-AIAF
24,849

International market

Fixed income
and equities
126,492

Assets under custody

(At cash value expressed in euros)

Spanish market

Renta Variable
15,154 million

Public debt
23,748 million

Private fixed income-AIAF
8,663 million

International market

Fixed income
and equities
63,893 million

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Securities Services

Interview

Jose Luis Rebollo Palomero
Manager of the Sales Department

[View interview online](#)

Spanish Securities Market Reform



*The reform
is a change,
and as such, it
brings business
opportunities
with it*

What is the purpose and the main novelties of the Securities Market Reform (the Clearing, Settlement and Registration System)?

The reform of the securities markets comprises a set of measures which we have to adopt in the Spanish securities market to adapt to the European settlement platform called Target 2 Securities (T2S).

This is a platform created by the Eurosystem so that all the European markets have a common settlement system. The idea is to be more competitive and to reduce costs. Spain has to adapt its entire settlement mechanism, including the creation of a Central Counterparty Clearing House, to be able to meet the objectives and standards established by Target 2 Securities.

As a Spanish entity which offers custody and settlement services, what do these changes imply for Cecabank?

It is a great challenge for the bank. Firstly, like any other entity in the Spanish market, it has to adapt and set up all the mechanisms for forming part of the new system. This has meant that in the last three years we have had to work on the computer aspect and on training our teams to adapt all our systems to the new environment of the reform.

But there is another side to it. The reform is a change, and as such, it brings business opportunities with it. We have gone from offering custody and settlement services to offering custody, clearing and settlement services. The reform has enabled us to reach a larger number of clients and a number of different clients from what we worked with before and, consequently, it allows us to extend the range of services offered by Cecabank Securities Services.

And what do they imply for your clients?

Up to now, we have worked on developing systems, on new business models and new services, but this has to be explained to our clients. It will be a complete change of lifestyle for them. The typical customer

who was used to buying telephone companies or any other securities will have to get used to the fact that things are going to change radically. For instance, in the current system, when a client buys securities, their settlement is guaranteed and the system has mechanisms which ensure that the customer always receives their securities, come what may.

With the reform, settlement is no longer guaranteed. Although there is a clearing house, the securities will only become the customer's property when the seller has handed the securities over and the buyer has disbursed the cash. Consequently, the system is different.

It is also important to remember that financial operations change. For example, now when a client reads in the newspaper that Telefónica will be paying dividends the next day, they will have the right to the dividend if they buy Telefónica shares today. Tomorrow, with the reform, a set of mechanisms are established which define exactly when the client buying has the right to receive the dividend.

Consequently, clients are going to notice a series of changes - very significant changes - in their operations.

Changes of course - and very substantial ones - but the system is still secure

Should clients be worried?

It's true that the system is different and it's true that the mechanisms are very different and that clients have to adapt. But clients need to know that there is no reason at all for them to worry or be alarmed. The system has created a set of mechanisms to keep the number of failed operations down. Thus, all the customers who buy shares will receive their shares and all the customers who have the right to dividends will receive their dividends. So, changes, of course - and very substantial ones - but the system is still secure.