

OUTCOME

5th joint meeting of the Advisory Groups on Market Infrastructures for Payments and for Securities and Collateral

29 June 2020, 13.00 – 14.30

via teleconference

1. Welcome and adoption of the agenda

Outcome:

The Chair welcomed the members. Participants agreed on the agenda.

2. T2-T2S consolidation – timeline – feedback from the NSGs and MIB considerations

The ECB presented the feedback received from the NSGs on the questionnaire on the timeline of the T2-T2S consolidation project and provided an update on the considerations by the Market Infrastructure Board (MIB).

Outcome:

In the survey with AMI-SeCo and AMI-Pay NSGs conducted at the end of May 2020 the majority of the NSGs and the majority of individual respondents (NSG members) expressed preference for rescheduling the T2-T2S consolidation project with moving the go-live date by 1 year to November 2022.

In its assessment the MIB has considered the previous discussions in AMI-Pay and AMI-SeCo, the feedback received in the March 2020 T2-T2S consolidation community readiness report as well as the outcome of the ad hoc survey with the NSGs. The MIB analysed 3 potential scenarios and has concluded that postponing its go-live by one year, from November 2021 to November 2022, would best accommodate the industry's preferences. This is in the light of the challenges posed by the coronavirus (COVID-19) pandemic and the rescheduling of SWIFT's global migration of cross-border payments to ISO

2022. The decision on a possible extension of the timeline will be taken by the Governing Council of the European Central Bank (ECB) and is expected by the end of July 2020.

Work is now on-going on baselining the detailed work plan and on analysing the impact on other projects. The guiding principles of this work for T2-T2S consolidation is to use the rescheduling to increase the time allotted to Central Bank Testing and User Testing and – while keeping a fully-fledged ISO20022 migration with the re-aligned SWIFT and T2-T2S consolidation timelines – also for all stakeholders to plan adaptations in a way that is robust to any potential further external developments, including the possible desynchronization between the go-live date for the T2-T2S Consolidation project and the ISO 20022 migration date for cross-border payments.

The Eurosystem Collateral Management System (ECMS) and T2-T2S consolidation go-live dates should not coincide and therefore the ECMS go-live should be moved by extending the project timeline by at least 6 months (i.e. mid-2023). It is to be further analysed whether the ECMS go-live could be fully in line with the respective T2S release envisaged in June 2023. The other projects on the horizon with a relation to T2-T2S consolidation should keep their respective go-live dates as originally planned (TIPS – ESMIG: November 2021; TIPS Riksbank on-boarding: May 2022; T2S Common Components: June 2022).

In addition, it was highlighted that the rescheduling also presents an opportunity to potentially implement measures in TIPS to ensure pan-European reachability for instant payments in line with the previous discussions in the AMI-Pay. A package of measures designed based on the ad-hoc AMI-Pay workshop in February 2020 and on additional AMI-Pay feedback is being submitted to ECB decision making bodies and will be communicated in more detail also in a dedicated AMI-Pay teleconference on 8 September. This also means that all affected AMI-Pay stakeholders are advised to retain budgets to support their adaptations for the rescheduled of T2-T2S consolidation. It was emphasized that market participants will need more detailed information on the whole rescheduling process and in particular on the planned TIPS reachability measures.

Document:

- *Summary of the survey with AMI-Pay and SeCo NSGs on the impact of recent developments on readiness for T2-T2S consolidation*

3. Fintech Task Force

The joint AMI-Pay / AMI-SeCo Fintech Task Force presented the executive summary of the draft report on the use of DLT in issuance and post trade processes. The report investigates the lifecycle of securities in DLT, discussing various models of their issuance as well as custody and safekeeping and clearing and settlement, by referencing to practical examples from the market.

Document:

- *Executive summary of the draft report by the Fintech Task Force on the use of DLT in issuance and post-trade processes*

Outcome:

The Fintech Task Force is preparing a report on the use of distributed ledger technologies in securities issuance and post trade processes. The report follows up on two previous reports in the field prepared by the Task Force and its predecessor the DLT Task Force. The objective is to describe key implications processes in DLT environment vis-à-vis the incumbent processes by also leveraging on practical examples. The analysis is approaching the issue from three aspects: business practices, legal implications and interoperability.

4. Update by AMI-Pay and AMI-SeCo members on their experiences in relation to operations during COVID-19 pandemic

In an open discussion the members were invited to share lessons learned / any significant updates on their operations during the COVID-19 pandemic that may be relevant for the whole community.

Outcome:

AMI-Pay and AMI-SeCo members did not identify any additional new developments in relation to operation of payment and post-trade services during the pandemic confirming that the relevant services continue to be provided in a resilient way at or close to 100 %.

5. Any other business

Outcome:

Some members raised the need to receive more information on the recent communication on the Governing Council on the revised pricing policy for T2 services. It was clarified that the Governing Council decision was based on and is in line with the presentation and ensuing discussion on this topic in the December 2019 meeting of the AMI-Pay. It was also clarified that the new fee schedule will enter into force with the go-live of T2-T2S consolidation. An additional information session on the T2 pricing policy for AMI-Pay members will take place on 13 July.