



EUROPEAN CENTRAL BANK

EUROSYSTEM

T2S CHANGE REVIEW GROUP

Olivier Leveque
+49 69 1344 95182
T2S.CRG@ecb.int

Outcome

Meeting of the T2S Change Review Group (CRG)

4 July 2019, from 09:30 to 17:30

1. Introductory session

Outcome

The CRG chairperson, Dimitri Pattyn, welcomed the participants and introduced the meeting.

In particular, CRG participants were informed of the following:

- the review of the T2S Operational Governance Processes Framework (OGPF) in the PMG Drafting Group was completed. CRG participants had no immediate comments to the proposed changes to the T2S CR template, integrating common components in the Detailed Assessment section;
- a first workshop on T2S evolution demand expectations for the period 2020-2022 was held with representatives of CSDs and NCBs
- the UDFS v2.0 for the T2/T2S Consolidation project, covering CLM and RTGS, have been published on the ECB website;
- the ECB has launched a public consultation on a potential Eurosystem initiative regarding a European mechanism for the issuance and initial distribution of debt securities in the European Union (EDDI), ongoing until 9 July 2019

Follow-up action:

- ECB team to invite CRG comments on the revised draft of the OGPF [August 2019]

2. CRG action points list

Outcome

The ECB team provided an update on the status of open CRG action points. CRG members took note, in particular, of the following:

- **AP-3759** (*[ECB team] to organise the collection of suggestions from T2S users on possible improvements to GUI screens which are currently part of the T2S GUI and will be included in the GUIs of common components from June 2022 onwards*): CRG members will be invited to participate in a workshop to review proposed screens for the common components Billing, Business day management and Common Reference Data Management. These workshops are expected to take place in the first half of 2020.
- **AP-3753** (*[ECB team] to report the outcome of the workshop on market settlement efficiency (MSE) on the recycling period for matched instructions*): CRG members were informed that following the CSG discussion of the MSE workshop, guidance on the way forward for CR-691 is expected by the end 2019 at best, after the effect of clean-up actions agreed by the CSG can be observed.
- **AP-3465** (*CR-669. 4CB to withdraw the CR when next ISO upgrade CR in T2S including the scope of CR-669 is accepted in the CRG*): CRG members took note of the withdrawal of CR-669 by the 4CB.

Follow-up action:

- CRG members to provide comments on the proposed closure of action points to the ECB team [23 August 2019]

3. Analysis of change requests

3.1 Change requests under implementation

Information to be provided / Background documents:

- T2S-0654-URD (T2S Penalty Mechanism)

Outcome

CRG members approved changes to CR-654 to integrate the requirements of CR-715 and took note of the newly described Billing data collection process.

In addition, CRG members took note of the update or addition to CR-654 of multiple annexes detailing the specifications of messages and files to be sent to/received from T2S for the management of penalties, as well as documentary impacts (General Functional Specifications, User Handbook).

CRG took note that during the operational assessment of CR-654 by the OMG, the manual solution foreseen for the daily upload of foreign exchange rates was identified as a source of additional operational risk.

Follow-up action:

- ECB team to inform PMG, OMG and SGMS of the updates to CR-654 [12 July 2019]
- ECB team to identify the optimal way forward to implement a more robust way to upload exchange rates on a daily basis, including the possibility to raise a complementary change request to CR-654. [19 July 2019]

- T2S-0715-URD (Optimisations to the T2S Penalty Mechanism user requirements)

Outcome

CRG members approved a minor update to CR-715 to indicate that its requirements had been integrated into CR-654. As a result, CR-654 can be used as a single reference document for the T2S Penalty Mechanism.

3.2 Change requests already ranked/authorised/recommended for authorisation

- T2S-0658-SYS (T2S should allow and process already matched instructions with deviating settlement parameters on DELI and RECE legs)

Outcome

CRG members took note of the results of the detailed reassessment of CR-658 and agreed to recommend to the T2S PMG its inclusion in T2S Release 4.0.

- T2S-0668-SYS (Provide the T2S reference of the linked instructions preventing settlement)

Outcome

CRG members took note of the results of the detailed assessment of CR-668 and agreed to recommend to the T2S PMG its inclusion in T2S Release 4.0.

- T2S-0689-URD (New process to maximise settlement of transactions at DVP cut-off)

Outcome CRG members took note of the results of the detailed assessment of CR-689 and agreed to recommend to the T2S PMG its inclusion in T2S Release 4.0.

- T2S-0713-SYS (Alignment of T2S Messages with ISO Standards Release 2018 – 2019 and migration to ISO registered versions)

Outcome

CRG members approved an updated version of CR-713, including the first version of the 'Tracking table' annex, listing individual changes resulting from the ISO upgrade.

CRG members agreed that there was no need, for release 4.2, to compile a single tracking table integrating the message changes coming from all CRs included in the release scope. As a result, the tracking table attached to CR-713 will only include the message changes that fall within the scope of CR-713, and will not list the impacts that other CRs may have on message specifications.

CRG members further took note that the 4CB would raise an editorial CR to document the fact that paths to some fields used for message subscriptions had been updated with CR-612 (ISO upgrade included in R3.0).

CRG members took note that as a follow-up to CRG action point AP-3804, the ECB team would inform the Target Services Working Group of the CRG preferred option to implement the new BIC pattern only when it is available in the ISO versions of all messages in the T2S portfolio.

Follow-up action:

- CRG members to provide comments/questions on the CR-713 tracking table [26 July 2019]

3.3 Preliminary assessed change requests / CRs under preliminary assessment*Information to be provided / Background documents*

- Updated Q&A on T2-T2S Consolidation CRs

Outcome

CRG members took note that the Q&A document had been updated, and that pending questions would be answered in a further update to be provided for the next CRG meeting.

- T2S-0700-SYS (Legal Archiving common component for T2S)

Outcome

CRG members took note that the preliminary assessment of CR-700 required a clarification of the scope of legal archiving, in particular in respect of messages that will be exchanged between T2S and other TARGET Services.

CRG members took note of the proposed scope of CR-700, according to which, from the list of messages that will be exchanged between T2S and other TARGET services, only settlement instructions (sese.023) sent by ECMS to T2S should be legally archived. For messages exchanged between T2S and the external world (via ESMIG), the scope of messages to be archived after T2-T2S Consolidation and ECMS go-live is the same as today.

Some CRG members disagreed with this proposal and considered that the current scope of T2S messages archived in the legal archiving should not be changed, regardless of the technical channel through which the instruction reaches T2S. 4CB highlighted that such a requirement, if confirmed, would have an impact on the ongoing detailed assessment of CR-702 (Internal communication layer).

Follow-up action:

- CRG members to provide their views to the CRG Secretariat on the minimum scope of Legal archiving [19 September 2019]
- ECB team to organise a dedicated meeting with interested CRG members to discuss the relevant scope of Legal Archiving [19 September 2019]

- T2S-0708-URD (Allow Liquidity Transfers from a T2S DCA to a RTGS or TIPS DCA)

Outcome

CRG members took note that CR-708 had been reclassified as necessary i.e. its costs would be recovered from the T2-T2S Consolidation project. It will however consume T2S CR implementation capacity to the extent determined by its detailed assessment.

CRG members agreed to recommend CR-708 for authorisation by the T2S Steering Level, and took note that upon the authorisation of CR-708, the CR will enter the CRG ranking (and become available for allocation to a release).

- T2S-0709-URD (Make the mandatory automated cash sweep at 17:45 optional)

Outcome

CRG members took note that CR-709 had been reclassified as necessary i.e. its costs would be recovered from the T2-T2S Consolidation project. It will however consume T2S CR implementation capacity to the extent determined by its detailed assessment.

CRG members took note that, due to its configuration as a predefined liquidity transfer, the automated cash sweep for EUR DCAs would sweep only positive balances. Some NCBs pointed out that negative balances on Central Bank DCAs can be a daily occurrence, and are currently swept automatically swept by T2S via a Debit order (camt.051) to TARGET2. After the go-live of T2-T2S Consolidation, the T2 design does not foresee support for the camt.051 message.

CRG members acknowledged that as a result, if some Central Banks wish to continue to sweep negative balances on T2S DCAs to T2 after the go-live of T2-T2S Consolidation, the implementation of CR-709 would require them to adapt their processes to handle this business scenario. Alternatively, a change to the T2 design to support debit orders would need to be proposed as a change request in the T2 governance, rather than being included in CR-709.

CRG members agreed to recommend CR-709 for authorisation by the T2S Steering Level. CRG members took note that upon the authorisation of CR-709, the CR will enter the CRG ranking (and become available for allocation to a release).

Follow-up action:

- ECB team to schedule in the relevant T2 governance groups a discussion of the need for T2 to support debit orders [30 September 2019]

- T2S-0710-URD (Daily maintenance Window only for urgent changes)

Outcome

CRG members took note that the CSG had requested that CR-710 should be reclassified as necessary, and that this possible reclassification was under discussion at T2S Steering Level.

CRG members discussed changes made to CR-710 following the joint CRG-PMG-TCCG workshop on the maintenance window. The wording of the CR was further detailed to specify that, on days where the maintenance window would not be activated, two camt.019 messages should be sent by T2S to inform about the “virtual” start and end of the maintenance window.

CRG members requested additional time to review the changes to CR-710 prior to making a recommendation to the T2S Steering level on this CR. CRG members took note that a positive recommendation would be subject to the confirmation by the OMG and TCCG of their agreement with the timing of the week-end maintenance window stated in the CR (Saturday 00:30 to Monday 02:30), as it deviates from the consensus reached in the joint workshop (Saturday 02:30 to Monday 02:30).

Follow-up action:

- CRG members to provide their recommendation to the T2S Steering Level on CR-710 [12 July 2019]

- Future changes to the specification of ‘Amount’ fields used in T2S

Outcome

CRG members took note that the specifications of Amount fields would be changed to the (18,2) format (18 digits with a maximum of 2 fractional digits) in 8 messages¹ and to the (18,5) format in the camt.077 message as a result of these messages being used by common components after the go-live of T2-T2S Consolidation.

¹ acmt.007, acmt.015, acmt.026, camt.009, camt.010, camt.011, camt.024, camt.070

Follow-up action:

- CRG members to confirm that there is no need to support Amounts with more than 2 decimals in the 8 messages adopting the (18,2) format [23 August 2019]
 - CRG members to confirm that there is no need to further restrict the length allowed for Amount fields (to 14 digits) via T2S business rules once the 9 message definitions listed above are updated [23 August 2019]
 - 4CB to analyse and inform whether additional messages are impacted by the announced changes to the messages mentioned above [12 August 2019]
 - ECB team to schedule a longer-term CRG discussion of the need to harmonise the definition of Amount fields across the entire T2S message portfolio (i.e. also for messages not used by common components) [27 November 2019]
- Impact of CR-705 (CRDM Business Interface Impact on T2S) on the user “message re-send” functionality

Outcome

This point was mentioned as “any other business” during the meeting.

4CB informed CRG members that the preliminary assessment of CR-705 showed that for messages to be sent by common components (such as CRDM), the business interfaces of these common components would not allow T2S users to trigger themselves a re-send of these messages. A re-send could still be requested from the operator or the NSP.

CRG members agreed to re-discuss this topic on the basis of the results of the preliminary assessment of CR-705, and to seek an early operational assessment of the OMG in the meantime.

Follow-up action:

- ECB team to seek an early operational assessment of CR-705 by the OMG, and in particular of the non-availability of a user re-send functionality for messages sent by common components [3 September 2019]

3.4 Newly raised CRs / Candidates for preliminary assessment

- T2S-0714-SYS (T2S should allow ECMS to receive notifications of relocation instructions)

Outcome

CRG members took note of the updates made to CR-714 following its previous discussion, and agreed to launch the preliminary assessment of CR-714. Upon a suggestion from CRG members, the 4CB agreed to clarify as a first step into the preliminary assessment whether the intended result (i.e. to send messages such as status updates to ECMS only in the specific scenario of a collateral relocation) could not be achieved by using existing T2S functionality, such as an adequate combination of message subscription rules.

Follow-up action:

- 4CB to deliver the preliminary assessment of CR-714 [date to be defined]
- T2S-0717-URD (T2S penalty mechanism: exemption from LMFP on settlement instructions created as a result of partially successful buy-ins)

Outcome

In the context of CSDR settlement discipline, in case a buy-in is only partially executed, parties to the transaction are expected to reinstruct the settlement of the portion not bought in by sending new settlement instructions to T2S (hereafter the “re-instructions”). CR-717 foresees that T2S will detect such re-instructions via the presence of the “BYIY” code in the field Trade Details/Reporting/Code. Some CRG members made the following observations:

- the re-instructions do not constitute buy-in instructions, and are rather the remaining part of the original transaction. Therefore the BYIY code may not be appropriate.

- since the field Trade Details/Reporting/Code is not subject to privilege checks, it could in theory be misused for the purpose of avoiding penalties.

In light of these observations, CRG members agreed to keep CR-717 on hold until the relevant bodies confirm 1. that the BYIY code should be used in this scenario and 2. the recommendation to populate the field Trade Details/Reporting/Code to convey this information.

Follow-up action:

- 4CB to approach ISO experts to confirm the adequacy of the Trade Details/Reporting/Code vs potential alternatives, if any [3 September 2019]
- ECB team to confirm with CSDR TF members active in ECSDA / relevant market for the rationale to use of the BYIY code and involvement of Swift in this context [3 September 2019]
- ECB team to inform the CSDR TF of the outcome of the CRG review of CR-717 [3 September 2019]

4. Topics referred by OMG for functional assessment

Information to be provided / Background documents

- Oral update on SDD-PBR-0047

Outcome

CRG members took note that based on the fact that the behaviour described in the UHB is in fact, the expected behaviour of the T2S GUI, BdF raised a new incident, to be treated as a PBI by 4CB.

Follow-up action:

- ECB team to propose a way forward for SDD-PBR-0047, taking into account the progress in the resolution of the new incident to be raised by BdF [3 September 2019]
- Functional assessment of OMG proposal for skipping NTS

Outcome

CRG members took note of the 4CB proposal that, in a contingency scenario where Night Time Settlement (NTS) would be skipped, the normal NTS settlement sequence could be effectively followed by filtering the transactions allowed to settle at the beginning of Real Time Settlement. CRG members concluded that no functional issues were expected to result from the implementation of this proposal, to be implemented as a minor change, without software or documentary impacts.

Follow-up action:

- ECB team to report to the OMG that the CRG identified no functional issues with the proposed handling of a contingency scenario where NTS would be skipped [25 July 2019]

5. Any other business

- Potential CR on automated liquidity transfers between an MCA and a T2S DCA

Outcome

CRG members took note of the functionality presented by Banque du Luxembourg, whereby T2S could trigger outbound/inbound liquidity transfers based on a floor limit being reached on a T2S DCA. CRG members expressed the need to revert to their respective communities to determine the strength of the business case that may exist for such functionality.

Follow-up action:

- CRG members to consult their communities in view of a further discussion of this topic in the CRG meeting of [8 October 2019]

- Planning of SDD updates for R4.0 and R4.2

Outcome

CRG members took note of the proposed timeline for the publication of T2S documentation for R4.0 and 4.2, including the scheduled market review of Scope Defining Documents:

- from 28 January to 14 February 2020 for T2S R4.0 and
- from 7 to 24 July 2020 for T2S R4.2.

- Planning of XSD deliveries for R4.0 and R4.2

Outcome

CRG members took note of the proposed timeline for the distribution of XSD message schemas for R4.0 and 4.2 i.e.:

- on 13 December 2019 (non-binding XSD) and 28 January 2020 (binding XSD) for T2S R4.0 and
- from 30 March to 25 May 2020 (non-binding XSD) and on 7 July 2020 (binding XSD) for T2S R4.2.

- Ranking of change requests

Outcome

CRG members agreed to schedule an update of the CRG ranking for the CRG meeting on 8 October 2019

Follow-up action:

- CRG members to provide business values for all outstanding CRs not yet proposed for a release (list to be established and circulated by the ECB team) [20 September 2019]

5.1 CRG meeting dates

The following CRG meetings are planned in 2019 (to be confirmed at least 4 weeks in advance):

- | | | |
|---------------------------|-------------------|-------------------|
| • 3 September 2019 | 03/09 09:30-17:30 | ECB Main building |
| • 7 October 2019 | CRG dinner | Frankfurt |
| • 8 October 2019 | 08/10 09:30-17:30 | ECB Main building |
| • 27 November 2019 | 27/11 09:30-17:30 | ECB Main building |
| • 22 January 2020 | | |
| • 4 March 2020 | | |
| • 26 May 2020 | | |
| • 2 July 2020 | | |
| • 25 August 2020 | | |
| • 18 November 2020 | | |