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## CSD DCP Workshops - 2014

*Session VIII*

*Cash and Liquidity Management*

*10<sup>th</sup> February 2014*

# Agenda

## Introduction

### TARGET-2

1. Cash DCP certification/ authorization procedures
2. Cash DCP testing & migration
3. Legal aspects
4. Operational aspects
5. T2S pricing
6. Miscellaneous
7. Overview of deadlines for declaration by the DCA holders to NCBs

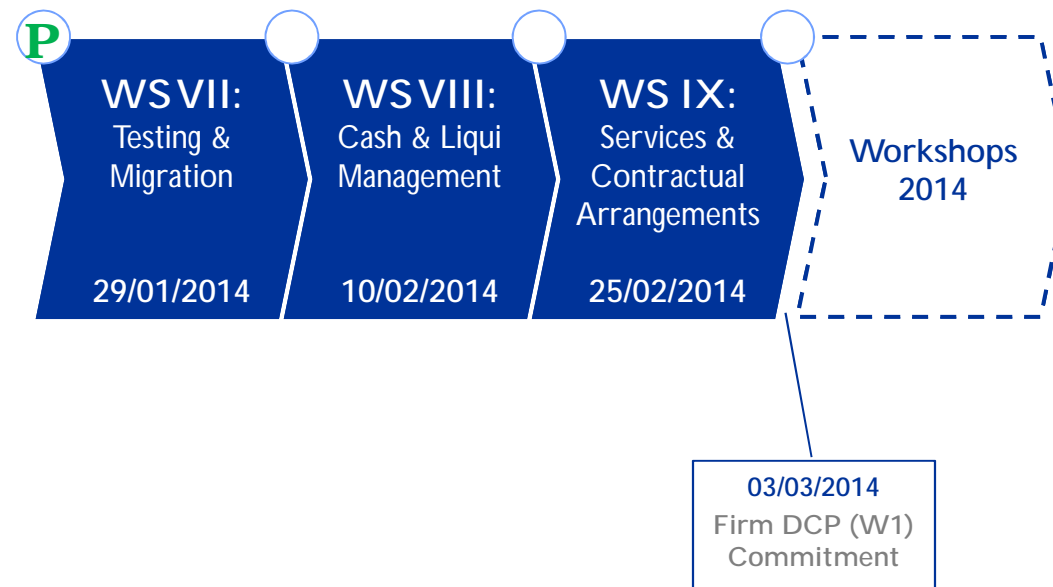
# Agenda

## TARGET-2 Securities

8. Clarifications on open issues re T2S Functionality and Services (e.g. Access Rights Configuration and Static Data Setup; Billing procedures and Audit Trail; bundled payload for several CSDs into one single message by a DCP)
9. Update on DCP readiness reporting
10. Ensure that DCPs and ICPs benefit from the same T2S service offer

# Workshop Overview & Timeline 2014

Currently three joint DCP CSD workshops are set-up for Q1-2014 which will continue the facilitation of workshops in 2013



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# Follow up Volumetric Workshop (05/02/2014)

The Volumetric Assumption Workshop of 05/02/2014 has asked for DCP feedback on the following topics:

- DCP settlement volume:
  - Validation of assumptions about proportion of DCP settlement transactions. Current assumption: about 30% of the CSD settlement volume (EOD).
- Proposals for optimisation of T2S Schedule(\*):
  - Changing timeline of the T2S Schedule
    - *Reducing the timeline for the real-time settlement closure period currently scheduled from 16:00 to 18:00 to start the EOD period earlier(\*)*
    - *Extending the SOD period and starting the night-time settlement period later (\*)*
    - Synchronisation with T2 to be discussed
  - *Report subscriptions*
    - *Eliminating DCP report subscriptions during EOD, reporting provided through the CSD (\*)*

\* From T2S presentation: 20140205\_Volumetric assumptions and timeline of end-of-day and start-of-day in T2S

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# Procedure DCP firm Commitment for discussion

## Firm Confirmation DCP connectivity mode

- § An additional deadline ("DCP communication mode indication") will be defined by the Eurosystem after consultation within the User Testing Sub Group.
- § Extract from AG summary 18 November 2013: *"The next steps to achieve certification testing from the Eurosystem were reviewed, in particular the deadline of 2 March 2014 to provide a binding commitment for all entities that intend to be DCPs from the first wave for their securities and/or cash business in A2A."*
- § It is suggested by the DCP Forum Members to provide a firm commitment 12 months before the commencement of a particular wave community test period. The following dates can be derived:

	DCP Non-binding Commitment	DCP Firm Commitment	Community Test Commences*
Wave I	15 Oct 2013	03 Mar 2014	02 Mar 2015
Wave II	15 Oct 2013	22 Sep 2014	21 Sep 2015
Wave III	15 Oct 2013	16 Feb 2015	15 Feb 2016
Wave IV	15 Oct 2013	12 Oct 2015	10 Oct 2016



Workshop participants to discuss the necessity of a common generic template for the binding declaration to become a DCP coming along with an agreement on the procedure of the binding declaration



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Appendix



# T2S Volumetric assumptions

## End-of-day period

Slide from Volumetric Assumption Workshop  
05/09/2013

EOD Reporting volumes	2017		
	Daily Average	Standard Peak	Exceptional Peak
<b>CSD</b>			
Pending settlement instructions - full	2,002,410	4,198,294	7,119,680
Settled settlement instructions - full	1,112,450	2,781,125	4,616,667
Statement of holdings - delta report	400,000	400,000	400,000
Statement of static data - delta report	80,000	80,000	80,000
<b>CSD Participant - securities DCP</b>			
Pending settlement instructions - full	700,843	1,469,403	2,491,888
Settled settlement instructions - full	389,357	973,394	1,615,834
Statement of holdings - delta report	160,000	160,000	160,000
<b>Payment Banks</b>			
Statement of account	905,058	2,239,998	3,708,432
<b>Total Business Items</b>	<b>5,750,119</b>	<b>12,302,213</b>	<b>20,192,500</b>
<b>Settlement instruction life cycle related business items without reporting for DCPs through CSD</b>	<b>5,110,119</b>	<b>11,662,213</b>	<b>19,552,500</b>
<b>Settlement instruction life cycle related business items with reporting for DCPs through CSDs</b>	<b>4,019,918</b>	<b>9,219,417</b>	<b>15,444,779</b>

### § Critical assumptions

- Full EOD period required to generate complete reporting, although T2S will provide reports as soon as it has generated them
- DCPs will subscribe to reporting directly, resulting in a large number of additional reporting items
- Delta reconciliations are sufficient for securities positions for EOD
- CSDs can perform a full securities position reconciliations the next business day
- Central Banks will subscribe to statement of accounts for their respective payment banks so that payment banks can reconcile their account postings.
- CSDs do not undertake queries for full reference data reconciliations during the EOD period
- A mass creation or deletion of securities will not take place during the EOD period

# T2S Optimization Features and Functionality

*T2S offers a wide range of features and functionalities for its users to improve settlement processing across Europe*

