

SUMMARY OF THE 8th MEETING OF THE T2S DCP GROUP (DCPG)

Held in Frankfurt at the New ECB premises on 7 May 2015

0. Welcome and approval of the agenda

Mr Topa (Chairperson) welcomed the participants and the participants approved the agenda for the meeting.

1. Review of recent open issues

1.1 Recent consultations and briefings

The members of the DCPG were informed on the developments following recent written consultations and briefed about recent decisions that are relevant to the DCPs:

- a) Publication of the amending TARGET2 Guideline (22 April 2015): Rob Heys from the ECB presented the rationale for the changes to the TARGET2 Guideline and mentioned that the publication is expected in the Official Journal in mid-June 2015. NCBs can present the contracts in the respective national language version already ahead of the official publication. The members of the DCPG decided to close the related point in the open issues register (A.7).
- b) Call for questions for the workshop for TARGET2 users on 28 April 2015 (cf. item 2.2): no questions were submitted by DCPG members ahead of the workshop. The workshop was well received.
- c) Briefing to and from the CSG: Mr Topa debriefed the group on CSG discussions concerning:
 1. A comment from Paul Bodart, a member of the T2S Board, that appeared in the press on 6 May 2015 concerning a potential delay of the go-live: Mr Bodart explained that the comment was misunderstood and that the T2S Board remains committed to do all what is necessary for a timely go-live. Mehdi Manaa, T2S Programme Manager, explained that the ECB did not react officially to the rumours because a) a week before an official spotlight was published on the T2S website which was already presenting the official

view of the ECB; and b) the ECB has as its general line not to react to communication which is not official and in particular if it has already stated its position.

2. Information from Marc Bayle and Mehdi Manaa on the current status of the project. There is no realistic plan B at this stage until all possible avenues have been explored to make sure that the programme's milestones can be met. The project team reaffirmed their commitment to do all what is possible to ensure timely go-live. The CSG continues discussing the matter as there are still some concerns about the overall stability of the platform; Mehdi confirmed that though defects are the same for all CSDs, the impact on the CSDs' processes is different depending on their arrangement, status of advancement and setup.

2. Information from other T2S groups, CBs and CSDs

The DCPG were invited to take note of the information originating from other T2S groups, CBs and CSDs activities on items that are also relevant for the DCPs:

2.1 Information from other T2S groups

The DCPG members will be invited to share their experience on the progress of the Community testing.

2.1.1 Information from the UTSG/MIG and CRG

The DCPG members were briefed by the ECB about the following discussions:

- a) In a CRG conference call on Monday, 20 April 2015, the UTSG provided a clarification concerning an error encountered when sending of **liquidity transfer for standing/predefined orders**: the UTSG explained that the systematic inclusion of validity dates would allow avoiding errors. A Change Request is under separation;
- c) The feedback from the DCPG members on a **consultation on CR-481 (Statement of pending instructions)** was communicated to the CRG at the end of January 2015. The DCPG was in general supportive of the CR. However, at its meeting on 28 April 2015, the CRG, after evaluating the specific business cases, recommended to reject this change and to propose an **alternative solution involving subscription to real-time information messages**;
- c) The CRG is evaluating whether there is need to **align the securities valuation format** between A2A/U2A and flat-file channels after go-live and, if yes, how and when this realignment should be implemented (written procedure until 6 May 2015). The matter will be further discussed in the CRG;
- d) The CRG took note of the differences in the Securities Transaction type codes supported by different settlement related messages in T2S and corresponding T2S behaviour, as well as of

Comment [DBL1]: Chandra, could you please adjust?

inconsistency in the use of these codes in the ISO messages. The DCPG will be consulted in the coming weeks on the business case.

2.1.2 Joint PMG/CRG/OMG/UTSG meeting on 29 April 2015

The representative of Deutsche Bank briefed the meeting participants on the joint PMG/CRG/OMG/UTSG meeting that took place on 29 April 2015 to make sure that all T2S substructures have the same understanding of the processes to be followed in the field of operational governance. The change concerning non-repudiation of origin (CR-466) will be implemented first and the other changes proposed will be reconsidered at a later moment. The working assumption is that the CRs should be implemented between September 2015 and February 2016. The CR-495 on the "TRAN" parameter may not be available for the go-live of migration wave 2; therefore, banks will elaborate further on the identified workarounds. The participants agreed that the target date for the approval of the CRs to be implemented for release 1.1 should be end-September 2015. The release 2.0 is expected to go live in the fourth quarter of 2017.

2.2 Information from Central banks

The representatives of the Deutsche Bundesbank and Commerzbank reported on the German NUG workshop on cash issues that took place in mid-April. Besides the auto-collateralisation instructions reimbursement topic (item 3.1), other cash issues were discussed:

- Cash reservations and cash restrictions: in particular, some cash restrictions have to be entered with the settlement instructions; but if these are submitted by a third party, then it is not possible to add cash restrictions, and changes to the procedures might be necessary: the NUG is working on concrete proposals.
- Time-stamps: this discussion involves those transactions that should be completed with other actions before they can be submitted for settlement in T2S.

2.3 Information from CSDs

CSD representatives excused themselves and did not participate to the DCPG because they initiated a separate discussion as follow-up to the CSG meeting.

2.4 AML/CFT scanning according to Directive 2005/60/EC

In the absence of the CSD representatives, this topic was postponed to the next DCPG meeting.

3. Other issues for discussion from DCPs

3.1 Use of the T2S GUI (U2A) for pending auto-collateralisation reimbursement instructions+

Following the discussion during the February meeting, concerning the possibility to have a) a dedicated user role for unwinding auto-collateralisation instructions in U2A in case of emergency, and b) a bulk-release functionality in U2A to be used as back-up functionality in case A2A does not function; the DCPs elaborated further the business case in a teleconference on 17 March 2015.

The Deutsche Bundesbank representative reported the discussion within the German NUG and presented a note containing an overview of possible solutions identified and further questions to the Eurosystem and the 4CB. The German NUG intends to bring the discussion to the CRG and, in parallel, check with the CSDs whether they would agree with the proposed solution. The ECB explained that the root cause is the crossing of the borderline between cash and securities management and therefore working on the granularity of the access rights would still not be sufficient to solve the issue, which is rather a conceptual problem. The proposed solution is not feasible without the implementation of a CR. The proposal will be sent to the CRG for further investigation along with the other options on the table.

4. Open Issues Register

The participants reviewed the list of open issues relevant for the DCPs and directly connected DCA Holders (version 6.0) and agreed on the topics to be published. Assigned priorities, responsibilities, deadlines and status updates following the meeting are included in the DCPG Open Issues Register v7.0 to be published on the T2S website.

5. Miscellaneous

5.1 Any Other Business

No further issues for discussions were raised by the participants.

5.2 Future DCPG meetings

The next physical meeting of the DCPG is proposed to take place in the afternoon of 10 June, the day before the next CSG meeting scheduled for 11 June 2015 (to be confirmed).