

15 November 2018

T2-T2S CONSOLIDATION WORKSHOP WITH ANCILLARY SYSTEMS, BANKS AND CENTRAL BANKS

OUTCOME

8 October 2018 – 14:00 to 17:00

*held at the premises of the European Central Bank, Sonnemannstraße 20,
meeting room C2.01*

1. Introduction and approval of the agenda

The Chairperson will welcome the participants and open the workshop introducing the Agenda.

Outcome:

The Chairperson welcomed the participants and briefly introduced the agenda of the meeting which was approved by the participants.

The Chairperson reminded that the T2-T2S Consolidation project has a go-live date of November 2021. Market participants were moreover informed that the UDFS v1.0 will be available in November 2018.

2. Upcoming Changes on AS settlement

The participants will be debriefed on the upcoming changes on the Ancillary System settlement procedures in view of the new RTGS.

Documents:

- *Upcoming changes on AS settlement*
- *Presentation on the comparison of the old and new proprietary AS messages pain.998*

Outcome:

The ECB project team presented the upcoming changes on AS settlement to the participants. The new naming scheme for the settlement procedures was introduced (AS settlement procedures A, B, C and D), which is to substitute the current naming scheme (ASI procedure 4, 5, 6 Interfaced and 6 Realtime). Participants were briefed on the general principles of RTGS and its Dedicated Cash Account (DCA) as well as on principles of liquidity transfer orders and settlement procedures A, B, C and D from the perspective of the settlement banks and ancillary systems.

Following additional clarifications were provided

- The AS settlement procedures A, B and D are unchanged compared to the current respective procedures. In terms of the AS settlement procedure C, increase of liquidity during cycle through auto-collateralisation / redemption and coupon payments will not be supported anymore.
- Each settlement bank of an AS that utilises the settlement procedure C needs to open and maintain an RTGS DCA sub account dedicated for the AS. The settlement banks of ancillary systems that utilise the AS settlement procedures A, B and D can use their main RTGS DCA or open a dedicated RTGS DCA for settlement of such AS transfers.
- The settlement bank will have means to manage liquidity either manually or automatically based on preconfigured rules.

In light of the planned introduction of Eurosystem Market Infrastructure Gateway (ESMIG) and discontinuation of AS Interface, the 4CB project team presented the changes that are planned to be introduced to the proprietary AS messages pain.998:

- Changes in the structure of the messages are limited to adding the currency to amount fields where relevant
- Schema names will be without any prefixes
- XML Datatype names will change without impacting the actual structure
- Procedure names in the messages might change

The messages can be found in MyStandards. The proposed changes to proprietary AS messages to make them ISO-compliant were supported by the participants.

3. Replacement of ASI procedures 2 and 3 by standard payment functionality

The participants will discuss the aspects related to the replacement of AS settlement procedures 2 and 3 by standard payment functionality in order to clarify the potential impact on AS business.

Documents:

- *Presentation on replacement of ASI procedures 2 and 3 by standard payment functionality*

Outcome:

The ECB project team presented the principles of current ASI procedures 2 (real-time settlement) and 3 (bilateral settlement) and the envisaged changes when these procedures are replaced by standard payment functionality.

The representatives of the ancillary systems, which use ASI procedure 3, were concerned of the envisaged changes and pointed out that several functionalities that are critical for their processing could not be mapped or supported by the proposed standard payment functionality in an efficient way, specifically

- Information period and related broadcast – for settlement banks to receive information on debit/credit amounts centrally
- Checks that both debited and credited accounts belong to the settlement banks of the same AS
- In case the AS transfer is cancelled during the information period, both the (to-be-) debited and credited settlement banks shall be informed

Furthermore, some participants stressed that central banks shall be involved for granting and removing access rights to/from ancillary systems. Another concern was the missing technical account when using standard payment functionality.

It was pointed out that a procedure similar to ASI 3 is the only solution for clearing houses that manage margin calls (i.e. independent debits/credits with information period, settlement period and related broadcasts). Neither the remaining AS settlement procedures A-D or regular payments will fit to this purpose.

The representatives of settlement banks stressed the need to maintain the camt.054 message for regular credit and debit notifications (instead of pacs.009 in case of credit and camt.054 in case of debit) as confirmation on a booking on their RTGS DCA based on an AS transfer to make sure that AS transfers can be clearly distinguished from payments and routed properly within the banks. While they need the broadcasts related to information period and cancellation, the representatives of settlement banks were encouraged to come back by 12 October whether their treasuries need broadcasts also when an AS transfer is queued.

The ECB project team took note of the expressed views and will discuss with the Service Provider on how to best address the requests.

Meanwhile, participants were encouraged to provide comments on the UDFS v0.4, which can be distributed to them by their central banks. Comments can be provided until 22 October 2018 by sending the feedback forms to email T2-T2S.Consolidation@ecb.europa.eu.