Final Summary

Teleconference of the Change Review Group (CRG)

20 July 2017, from 10:30 to 12:00

held at the European Central Bank, Frankfurt

1. Introductory session

The acting Chairperson, Alejandro del Campo welcomed the participants and provided the following information:

New CRG Chairperson

The Market Infrastructure Board (MIB) nominated George Kalogeropoulos as a new Chairperson and there was an on-going CSD Steering Group (CSG) written procedure on this appointment until 20 July 2017.

Deployment of the T2S Release 1.3 in production on 8 July 2017

The tickets and Change Requests in the T2S Release 3.0 were successfully deployed on 8 July 2017. There was a delay of few hours though, which required a couple of Settlement Manager calls (it did not escalate to Crisis Management Procedure since then it was not connected to any incident).

Two CRG members indicated that they experienced some issues after the deployment for which T2S was not accepting some CFIs (Classification of Financial Instruments) for securities. It was explained that it is expected that the OMG will discuss the related incidents and the R1.3 deployment outcome at its meeting on 26-27 July 2017.

<u>Status of the Change Request T2S-0446-SYS (Blocking of U2A interface for submitting new instructions to T2S during reconciliation process post RAD (Recovery After Disaster))</u>

The CRG written procedure on the Change Request from 4 to 11 July 2017 was not conclusive. Although the CRG had initially agreed to approach the Steering Level after the written procedure even with diverging views, the ECB decided not to do so as the same outcome could also be expected at CSG level. The Operations Managers Group (OMG), initiator of the Change Request, will discuss the way forward and consider the need of defining alternative measures to the Change Request 446 to contain the related operational risk.

It was clarified that this could impact the timeline of the Change Request delivery and that the 4CB would have to reassess it if the Change Request were recommended for approval.

<u>Ongoing CRG written procedures</u>

The acting Chairperson reminded the ongoing written procedures with the CRG:

- Submission of business value for new Change Requests as part of the R3.0 prioritisation exercise until 1 August 2017.
- Review of the Operational Governance Framework document update until 28 July 2017.
- Feedback on the list of messages to be bundled and submission logic for the Change Request 613 (T2S should give the possibility to receive outbound T2S messages bundled in files). The deadline was extended until 24 July 2017 by request of a CRG member.
- Written procedures on summaries for the CRG teleconference on 23 June and meeting on 4 July 2017. The deadline was extended until 24 July 2017 by request of a CRG member.

2. Analysis of the Change Requests

A) Detailed assessment on Change Requests

Change Request T2S-0650-SYS (T2S to prevent duplicate sequence numbers and duplicate T2S References after a Recovery After Disaster)

The aim of the CR is to ensure that T2S assigns a different sequence number to the outbound messages and a different T2S Reference number to the instructions sent by T2S after starting the operation post a recovery after disaster (RAD) to avoid duplication of sequence number and T2S reference number used for messages and instructions sent by T2S before the RAD.

The 4CB explained that the Change Request 655 has to be delivered for technical reasons together with Change Request T2S-0358-URD (Unblocking of ISINs as part of Corporate Action Handling) as both Change Requests impact a same static data object.

The Change Request has project phase costs of 78,178.97 euros and operational costs of 7,996.14 euros.

The CRG was in favour of approving the Change Request and adding it to the T2S Release 2.0.

<u>CRG decision</u>: The CRG recommended the approval of the Change Request and its inclusion in the T2S Release 2.0.

Change Request T2S-0655-SYS (T2S should allow updates of maturity date for matured ISINs)

The aim of the CR is that T2S should allow updates of the maturity date for ISINs that have a maturity date in the past.

The ECB explained that the Change Request has to be updated as the queuing logic of maturity date updates until the end-of-day period, mentioned in the CR, is not required anymore owing to the selection of option 2 (i.e. deferring the eligibility check on all pending settlement instructions related to the updated ISIN until the next start of day). In addition to the update of the Change Request wording, the removal of queuing logic requirement also triggered a reduction of the cost assessment provided by the 4CB (i.e. project phase costs of 113,278.68 euros and operational costs of 10,675.55 euros[1]).

The 4CB clarified that the Change Request does not have an impact on the T2S performance during the end-of-day and start-of-day phases.

The CRG was in favour of approving the Change Request and adding it to the T2S Release 2.0 under the condition that the 4CB confirms the reduction of the Change Request costs.

CRG decision: The CRG recommended the approval of the Change Request and its inclusion in the T2S Release 2.0 in principle subject to the 4CB update of the Change Request and related reduction of costs as the initially-foreseen queuing logic of maturity date updates until the end-of-day period, mentioned in the CR, is not required.

Action point:

- The 4CB will update the Change Request and provide updated costs as the initially-foreseen queuing logic of maturity date updates until the end-of-day period, mentioned in the CR, is not required.

Change Request T2S-0660-SYS (Long Term Statistical Information improvements and performance optimisation (Phase 1))

The aim of the Change Request is to implement improvements to the long-term statistical information (LTSI) report/query performance, content and list to enhance user experience. The cost of the Change Request is borne by the 4CB.

The 4CB explained that the improved long-term statistical information report/query will be available after 3 months of the deployment of the Change Request 660 in production due to the retention period (i.e. the LTSI of data for the day one after deployment will be available 3 months later).

The CRG was in favour of approving the Change Request and adding it to the T2S Release 2.0.

CRG decision: The CRG recommended the approval of the Change Request and its inclusion in the T2S Release 2.0.

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[1] On 24 July 2017, the CRG was informed of the updated project phase costs of 97,284.27 euros and updated operational costs of 9,495.45 euros.

B) Change Requests for T2S Release 2.0

Change Request T2S-0632-SYS (To increase the default number of rows to be displayed from 10 to 100 rows per page)

The aim of the Change Request is to increase the number of rows displayed on all the screens from 10 rows per page to 100 rows per page by default.

The ECB explained that the 4CB provided the five screens that where based on a design decision the default number of the rows had to be hard coded and proposed that the CRG should not exclude the screen ILTO-L (Search Immediate Liquidity Transfers) since it was a search screen and not a New/Edit screen:

1. GRCS-D (New/Edit Grant Revoke Privileges)
2. ODTY-L (New/Edit Operation Day Type)
3. EVTY-L (New Event Type)
4. RECO-N (Resend Communication)
5. ILTO-L (Search Immediate Liquidity Transfers).

The 4CB explained that the exclusion of the first 4 screens from the scope of the CR would reduce the costs by around 6 per cent and the recalculation of the costs could be provided if the CRG agreed to exclude these screens. The CRG members expected a higher reduction of the costs because of the less implementation effort if the most complex screens (i.e. those with the default number of rows hard coded) were excluded. The 4CB indicated that the main cost drivers are related to the efforts of testing more than 90 screens. The CRG expressed a preference to keep all screens as 6% is not a substantial reduction.

The 4CB agreed to clarify whether the above-mentioned screens, even though they are not search screens, they actually had a list of rows. Under the condition of this confirmation and given the benefits from an operational perspective despite the perceived high cost, the CRG was in favour of approving the Change Request and adding it to the T2S Release 2.0.

CRG decision: The CRG recommended the approval of the Change Request and its inclusion in the T2S Release 2.0 in principle subject to the 4CB confirmation that the following 4 screens have indeed a list of displayed rows: New/Edit Grant Revoke Privileges, New/Edit Operation Day Type, New Event Type, and Resend Communication.

Action point:

- The 4CB will confirm whether the following 4 screens have indeed a list of displayed rows: New/Edit Grant Revoke Privileges, New/Edit Operation Day Type, New Event Type, and Resend Communication.

C) Other Change Requests from the market for future T2S Releases

Change Request T2S-0544-URD (Retroactive Cash Restriction (Cash Blocking and Reservation))

The objective of the Change Request is to enable T2S users to amend an existing settlement instruction in order to add or remove cash restriction references.

The Change Request initiator informed about the updates made with the aim of specifying that the privileges should be at the level of Securities Accounts and granted to CSDs in a first instance (i.e. implementation option 1). They agreed to update the Change Request following the confirmation of their CSD that they will grant these privileges to the Central Bank's users. The CRG were fine with the updates and were in favour of launching the preliminary assessment on the updated Change Request.

The 4CB explained that they could start the preliminary assessment after the CRG meeting of 28 August so they can bundle it with other preliminary assessments, i.e. any new preliminary assessment launched during this CRG meeting and the preliminary assessment from the Change Request T2S-0653-SYS (Partial release functionality) requested during the CRG meeting of 4 July 2017.

CRG decision: The CRG recommended the Change Request for preliminary assessment.

Change Request T2S-0646-SYS (Pre-formatted operational reports at specific times)

The Change Request aims at providing pre-formatted operational reports to the CSDs, CBs and ECB the T2S Coordination function. The reports will be available every business day at 7 am for download via the Statistics and Operational Services (SOPS) webpage (i.e. webpage accessible via the Network Service Provider).

A representative from the Data Access Task Force (DATF) informed that the DATF updated the Change Request to drop the intraday reporting requirements as this would translate in important cost savings. The new version of the Change Request also included that the reports should consider all T2S settlement currencies.

The DATF also agreed to keep the definition of settlement efficiency for the time being and wait for the CSD Regulation developments. Their expectation is that these changes would be limited. Any update will have to be documented in a separate Change Request.

The ECB explained that it is not possible to subscribe to some of the sheets of a report (e.g. all sheets of the CSD report will be generated for all the CSDs if they opted for it).

The 4CB indicated that reports will be available for a direct download during a month. After that period they will be available upon request to the T2S Service Desk for two additional months.

The 4CB clarified that the DATF agreed that the CSD reports should include top 50 securities accounts per CSD countervalue (value) and 50 securities accounts per CSD number (volume) and that any changes of this number will have to be requested by a separate Change Request.

It was clarified that the billing aspects still have to be defined via a separate Change Request. In case the Change Request and the billing-related Change Request had a different timeline, the reports will be billed manually.

The CRG was of the view that the Change Request is complete and that the detailed assessment can already be launched. The 4CB explained that they could start the detailed assessment on 24 July 2017. The detailed assessment could be available on 25 September 2017.

CRG decision: The CRG recommended the Change Request for a new detailed assessment and asked the 4CB to check the feasibility to include it as part of the T2S Release 2.0.

Change Request T2S-0666-SYS (T2S should lower maximum outbound file size to 99 MB)

The aim of the Change Request is to lower the technical maximum file size of uncompressed outbound communication sent by T2S from 100 MB to 99 MB.

The ECB explained that the Change Request was raised to lower the maximum file size of uncompressed outbound communication with the aim of having it as part of the T2S Release 2.0 following the discussion on the clarification note SDD-PBR-0017 during the CRG meeting of 4 July 2017 and the OMG decision of not proposing the related ticket PBI-161067 for the T2S Release 2.0 (i.e. the fix of this ticket was going to touch the same module as the 4CB had proposed the inclusion of the file size decrease in the same ticket resolution).

The CRG members were in favour of launching the detailed assessment on the updated Change Request with the aim of including it in R2.0. The 4CB indicated that the detailed assessment could be available on 28 August 2017.

CRG decision: The CRG recommended the Change Request for detailed assessment and asked the 4CB to check the feasibility to include it as part of the T2S Release 2.0.

3. Any other business

The CRG was informed that the next teleconference will take place on 4 August 2017 and the next physical meeting on 28 August 2017.