

T2S CHANGE REVIEW GROUP

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Outcome

Meeting of the T2S Change Review Group (CRG)

4 March 2020, from 11:00 to 17:00

1. Approval of the agenda and introductory remarks

Outcome

The CRG chairperson, Dimitri Pattyn, welcomed the participants and introduced the meeting. Exceptionally, as a precautionary measure against the transmission of COVID-19, all participants were requested to attend the meeting remotely using the facility provided by the ECB. The CRG members approved the agenda of the meeting.

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-3757 (ECB/4CB to provide answers to the questions raised by CRG members in Q&A format): CRG members agreed to close the action point considering that all outstanding questions had been answered, in particular on the setup needed for T2S DCAs to count towards minimum reserves, the setup needed to achieve an automated cash sweep from R5.2 onwards and on the fact that the rebooking functionality foreseen in CR-709 would be switched on from R5.0 onwards.

Follow-up action

- CRG members to confirm the closure of action points proposed for closure [13 March 2020]

3. Analysis of change requests

3.1 Change requests under implementation

- T2S-0654-URD (T2S Penalty Mechanism)

Outcome

The ECB team informed CRG members that an updated version of CR-654 would be circulated by 6 March 2020 for CRG members' review. The updates consist mostly in integrating into CR-654 and its

annexes the changes approved as part of CR-727¹ and CR-730², both CRs also related to the Penalty Mechanism.

The ECB team also informed CRG members of ESMA's recommendation that the CSDR settlement discipline regime should enter into force on 1 February 2021. At the request of the CSG, the CSDR Task Force and T2S Project Managers Group are assessing the possibility to arrange a "dry run" of the T2S Penalty Mechanism between the deployment of release 4.2 in November 2020 and 1 February 2021.

Follow-up action:

- Upon distribution of an updated version of CR-654, CRG members to review the envisaged changes to CR-654 [13 March 2020]

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

Outcome

The CRG agreed to the wording of message examples documenting the contents of status updates (sese.024) sent by T2S in the business scenarios foreseen by CR-658. These message examples are to be included in the next version of the UDFS (v5.2 for R4.2).

Follow-up action:

- ECB team to inform T2S technical groups of the updates to CR-658 [6 March 2020]

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

Outcome

The CRG agreed to update the wording of CR-708 as proposed by 4CB to clarify that liquidity transfers from T2S DCAs to Central Bank accounts in CLM, RTGS and TIPS (and vice versa), CB accounts being a sub type of DCAs, fall within the scope of CR-708.

Follow-up action:

- ECB team to inform T2S technical groups of the updates to CR-708 [6 March 2020]

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

Outcome

The CRG took note of the updated version of CR-713 and of the tracking table annexed to it, documenting in particular the changes to the datatypes / datatype names used in the T2S message portfolio. The 4CB informed that a further update would be distributed by end March 2020 to reflect the contents of CR-728 (introduction of the settlement transaction condition code BSSP).

¹ T2S-0727-URD T2S Penalty Mechanism: Removal of the exemption for ISO transaction code "REDM" and typos, and semt.044 update

² T2S-0730-SYS Securities Subject to Penalties: allow setting Valid To equal to the current business day -1

Follow-up action:

- ECB team to inform T2S technical groups of the updates to CR-713 [6 March 2020]

3.2 Change requests already authorised (and not yet under implementation)**3.2.1 CRs detailed assessed/under detailed assessment**

- T2S-0383-URD (Possibility of submitting already matched cross-CSD settlement instructions)

Outcome

The CRG took note that, during the written consultation initiated after the CRG meeting on 22 January 2020, CRG members had confirmed the 4CB assumptions for the solution design of CR-383. In particular, T2S should still check (as today) that the system entity of the Instructing Party of an instruction is the CSD in which the instructed securities account is open.

The CRG also confirmed the assumption that cross-entity object privileges should be set by CSDs as a prerequisite to send already-matched, cross-CSD instructions as foreseen by CR-383.

The CRG took note that the design assumptions now being confirmed, the detailed assessment would be delivered on 6 April 2020.

Follow-up action

- 4CB to deliver the detailed assessment of CR-383 [6 April 2020]

- T2S-0691-URD (Recycling period of 60 days for matched instructions)

Outcome

The CRG took note that following the CSG request to activate CR-691 in the first week of October 2020, the 4CB had proposed 5 October 2020 as activation date for the CR-691. The PMG on 5 March 2020 will be invited to discuss in which release to formally allocate CR-691.

The CRG invited the ECB team to include, in the proposed wording updates to CR-691, a clarification that a change in the status of a matched instruction would reset its recycling period to another 60 business days.

Follow-up action

- CRG members to confirm the wording updates to CR-691 [6 March 2020]

- T2S-0692-SYS (Send status update message upon transition to 'Failing')

Outcome

The CRG took note that the PMG would be invited to discuss on 5 March 2020 the activation date of the full reporting of the 'Failing' status, as foreseen in CR-692, in the context of the expected "dry run" of the T2S penalty mechanism.

Follow-up action

- ECB team to inform CRG members of the activation date of CR-692 [26 May 2020]

- T2S-0729-SYS (Extend the maximum length of references to 35 characters for T2S liquidity transfers in EUR)

Outcome

The CRG confirmed that messages used to configure standing orders should not be part of the scope of CR-729: as a result, it will only be possible to configure standing orders with references up to 35 characters when T2S is connected to the CDRM business interface with CR-705 in release 6.0. The CRG confirmed that, subject to confirmation by the Danish Central Bank, business rules should be applied to ensure that standing orders in DKK have a maximum reference length of 16 characters.

In addition, the CRG took note that during the cross-Services impact assessment of CR-729, 4CB identified the need for further changes to the camt.050 (i.e. Debtor and Creditor Institution identification fields must be present to transfer liquidity to TIPS, and should be provided as a BIC11). CRG members agreed that these changes should be included in the detailed assessment of CR-729.

Follow-up action:

- 4CB to include standing order configuration messages (camt.024, camt.069, camt.070, camt.071), and the related DKK-specific business rules, in the detailed assessment of CR-705 [18 November 2020]
- 4CB to update CR-729 to reflect its revised scope. In particular, if a field currently labelled "Not used by T2S" is in fact mandatory for a liquidity transfer to TIPS, it should be clearly stated [20 March 2020]

- T2S-0722-BFD (Upgrade of non-repudiation for U2A)

Outcome

CRG members requested additional time to provide comments on the updated documentation for CR-722, including oral updates to the questions and answers document providing during the meeting.

Follow-up action:

- CRG members to provide outstanding or additional remarks on the updated CR-722, updated technical document or updated Q&A on this CR [6 March 2020]
- ECB to arrange a joint teleconference of the T2S technical groups, aiming at providing a recommendation to the T2S Steering Level on the implementation of CR-722 [mid-March 2020]

3.2.2 Potential CR candidates for the next batch of detailed (re-)assessments

- T2S-0384-SYS (A2A message to make securities ineligible for autocollateralisation)
- T2S-0436-URD (Client-collateralisation: allow payment banks to set up their own list of close links)
- T2S-0530-URD (One close link database for Eurosystem NCBs and separate database per non-EUR currency)
- T2S-0572-SYS (A2A message to remove close links)
- T2S-0574-URD (Applying additional haircuts to own-used assets in T2S auto-collateralisation)

- T2S-0680-SYS (T2S should allow ECMS to receive flat file statement of holdings, transactions and pending instructions at the level of securities accounts)
- T2S-0714-SYS (T2S should allow ECMS to receive the notifications of relocation instructions (sese.032 and sese.025))

Outcome

The CRG took note that on 5 March 2020, the PMG would be invited to launch the detailed assessment of 7 CRs in view of T2S release 5.0 (June 2021): CR-384, CR-436, CR-530, CR-572, CR-574, CR-680, CR-714. CRG members had no outstanding questions on these CRs.

Considering the preference of Central Banks expressed in the ECMS Working Group, the CRG confirmed that the detailed assessment of CR-680 should be based on the assumption that T2S would send full reports (and not delta mode reports) to ECMS.

The CRG took note that 4CB had started development work on the reference data messages relevant to CR-384 (reda.075), CR-572 (reda.077) and CR-574 (reda.024).

The CRG took note of the envisaged planning for the detailed assessment of 7 CRs, if proposed for R5.0 by the PMG by 3 April 2020.

Follow-up action

- 4CB to provide a description of the updates to or new message specifications for reda.024, reda.075 and reda.077, as well as an indication of the feedback messages to be sent by T2S in response to the new inbound messages reda.075 and reda.077 [20 March 2020]

3.3 Change requests not yet authorised at T2S Steering Level

3.3.1 Change requests under preliminary assessment

- T2S-0720-URD (Rule-based liquidity transfers between a T2S DCA and a MCA)

Outcome

The CRG took note of the updates made to CR-720 in response to the questions raised by 4CB in the CRG meeting on 22 January 2020. The CRG agreed on additional updates to CR-720, in particular the fact that it should be possible to opt in or out of notifications in case a rule-based based liquidity transfer is defined, without impacting parties who already use the current floor/ceiling notifications in T2S.

The CRG requested the 4CB to proceed with the preliminary assessment of the updated CR-720, and to include in it separate complexity analyses and financial estimates of the solutions to Case 1 (time based liquidity transfers), Case 2/3 (floor/ceiling event-based LTs) and Case 4 (cut-off based LTs).

3.3.2 Candidates for preliminary assessment / Newly raised CRs

- T2S-0732-SYS (Inclusion of VAT numbers in T2S invoices)

Outcome

The CRG took note of the new CR-732 and invited the ECB and 4CB to check to what extent the CR-732 requirements could be covered by the new common component BILL. The CRG agreed to re-discuss CR-732 during the next CRG teleconference.

Follow-up action

- CRG members to provide comments/questions on the first draft of CR-732 presented during the CRG meeting [13 March 2020]

- T2S-0733-SYS (Definition of a classification of transactions for CB T2S data)

Outcome

The CRG took note of the new CR-733. Pending potential comments from CRG members and the TARGET Analytics Group, the CRG agreed to re-discuss CR-733 during the next CRG teleconference.

Follow-up action

- CRG members to provide comments/questions on the first draft of CR-733 presented during the CRG meeting [13 March 2020]

4. Clarification notes

- Clarification note on changes in CRDM resulting from T2-T2S Consolidation Change request CSLD-CR-0031

Outcome

CRG members requested additional time to review the clarification note on CSLD CR-0031 along with the full text of the underlying change request.

Follow-up action:

- ECB team to distribute the current draft of T2-T2S Consolidation Change request CSLD-CR-0031 (Two-tier excess liquidity remuneration) [4 March 2020]
- CRG members to confirm that the CRG does not expect T2-T2S Consolidation Change request CSLD-CR-0031 to have a negative impact on T2S functionalities [13 March 2020]

5. Any other business

- Planning of SDD updates for R5.0

Outcome

The CRG took note of the intended schedule of SDD updates for T2S release 5.0: draft documentation available on 28 January 2021, final documentation published on 5 March 2021.

- GDPR data scope – Updated table of fields in scope of a personal data request

Outcome

The CRG confirmed that the updated list of fields in scope of a personal data request could be used as basis for the OMG to test the complexity of fulfilling GDPR requests.

- Implementation of external examiner recommendations

Outcome

The CRG took note of the summary of relevant external examiner recommendations, and agreed to enhance the CR template with a footnote documenting systematically the rationale for the values given to the CR parameters 'Legal/business importance', 'Market implementation efforts', Operational/technical risk', 'Financial impact'.

5.1 CRG meeting dates

The following CRG meetings are planned in 2019-2020, to be confirmed 4 weeks in advance.

Mid-March 2020	Date to be defined	Joint telco on CR-722
24 March 2020	24/03 10:00-12:00	Telco (NTS algorithms Workshop)
30 March 2020	30/03 16:00-17:30	Telco (DAs for R5.0)
4 May 2020	04/05 16:00-17:30	Telco (DAs for R5.0)
26 May 2020	26/05 09:30-17:00	Madrid – Banco de España
26 May 2020	26/05 Afternoon	1 st workshop on CRDM GUI
2 July 2020	02/07 09:30-17:30	ECB Main building
2 July 2020	02/07 Afternoon	2 nd workshop on CRDM GUI
17 September 2020	17/09 09:30-17:30	ECB Main building
18 November 2020	18/11 09:30-17:30	ECB Main building

The planning of GUI workshops in 2020, including a session focused on BDM and BILL, is ongoing and subject to changes.