

TIPS Community Readiness Report
Status as of Q3 2021 (cut-off date 30/09/21)

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Executive Summary

This Readiness Report depicts the status of all NCBs communities¹ (i.e. PSPs and ACHs subject to the TIPS Pan-European Reachability Measures) as of 30 September 2021.

In line with the introduction of different milestone dates by wave and the timeline of the key milestones for the ACHs to ensure a successful and timely migration to TIPS, the following current and past milestones cover both uncompleted and due milestones related to this reporting round:

- TIPS.IAD5.ACH - Software development for the required internal system adaptations started - 01/06/2021
- TIPS.IAD7.ACH - Testing of the internal applications started - 01/07/2021
- TIPS.IST2.WA1.ACH - Internal staff training completed for ACHs of Wave 1- 30/07/2021
- TIPS.IAD6.WA1.ACH - Software development for the required internal system adaptations completed for ACHs of Wave 1- 31/08/2021
- TIPS.IAD8.WA1.ACH - Testing of the internal applications completed for ACHs of Wave 1- 31/08/2021
- TIPS.NCO3.WA1.ACH - Network connectivity tests on production environment started for ACHs of Wave 1- 01/09/2021
- TIPS.NCO2.WA3.ACH - Network connectivity tests on testing environment completed for ACHs of Wave 3- 10/09/2021
- TIPS.UTA1.ACH - User testing activities started- 13/09/2021
- TIPS.OPA.WA1.ACH - Operational procedure adaptations completed for ACHs of Wave 1- 30/09/2021

1. PSP Community readiness to migrate to TIPS

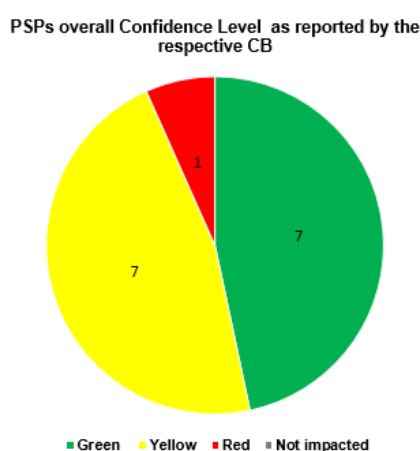
Confidence level reported by NCBs

The overall confidence level reported by the NCBs for their PSP communities subject to this reporting is decreasing. From a total of 15 NCBs, 7 reported a green status for their PSP communities (10 last time), 7 NCBs reported a yellow status (4 last time) and 1 NCB reported a red status (none last time) .

This decreasing trend of the overall confidence level for the 5th reporting cycle is due to the downgraded confidence level reported by 4 NCBs. One NCB has downgraded its overall confidence level from green to red since 2 additional Direct Participants have respectively reported a yellow and a red status, mainly due to issues encountered during testing with the NRO functionality and the access to CRDM and TIPS

¹ Nine Central Banks have reported that none of their national community members are impacted by the TIPS Pan-European Reachability Measures. Thus, no PSPs nor ACH in Bulgaria, Croatia, Cyprus, Denmark, Ireland, Malta, Poland, Romania and Slovakia are subject to the TIPS Reachability Measures, and therefore these Central Banks are excluded from the scope of this report. As per readiness framework, the PSPs are asked on their confidence to join TIPS by 21 November 2021 while the obligation from Measure 1 according to the Guideline of the European Central Bank on a Trans-European Automated Real-time Gross settlement Express Transfer system (TARGET2) applies as of 25 February 2022.

GUIs. One NCB has downgraded its overall confidence level from green to yellow since 2 Direct Participants out of 10 are now reporting a red confidence level (one of them is reporting problems to establish U2A connection to TIPS via their service bureau). One NCB is following the same trend since the confidence level reported by their Direct Participant has moved from a Green to a Yellow status, mainly due to difficulties to connect to TIPS in both U2A and A2A modes. One NCB is also reporting a downgraded Yellow confidence level since 2 Participants out of 4 are currently reporting a yellow status related to connectivity issues.



Confidence level reported by the TIPS Direct Participants and Reachable Parties²

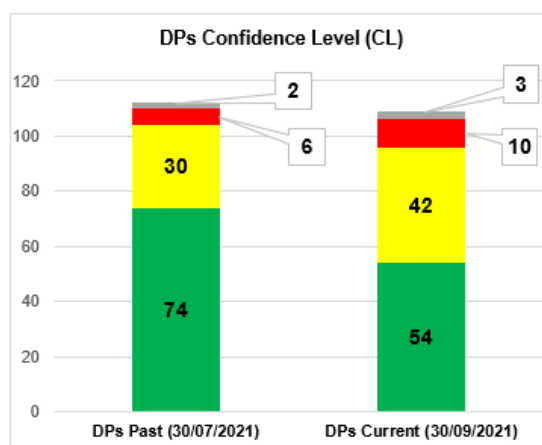
TIPS Direct Participants confidence level:

The overall confidence level of the TIPS Direct Participants remains positive but it has decreased in comparison with the previous reporting cycle: 54 out of 109 (50%) have reported a green status (66% last time), 42 (39%) have indicated a yellow level of confidence (27% last time) and 10 (9%) (5% last time) have reported a red status .

Some NCBs have reported that some of their Direct Participants have already joined TIPS, that they have decided to become reachable via another Participant or that they no longer aim at becoming SCT Inst scheme compliant this year. These variations remain limited.

We could observe in this reporting cycle that the total number of Direct Participants has slightly decreased compared to the previous reporting cycle and that a very good response ratio continues to be observed: out of 109 TIPS Direct participants, only 3 (3%) did not report their readiness status in comparison with only 2 (2%) out of 112 TIPS Direct participants during the fourth reporting cycle .

² *PSPs reachability measure* - All PSPs which are compliant or intend to be compliant by November 2021 to the SCT Inst scheme and are reachable in TARGET2 should also become reachable in a TIPS central bank money liquidity account, either as a participant or as reachable party (i.e. through the account of another PSP which is a participant).



TIPS Reachable Parties confidence level:

While 16% of Reachable Parties (347) have reported a green status (18% last time), respectively 26% (545) and 58% (1234) out of the 2135 TIPS Reachable Parties have reported a yellow and a red status (respectively 25% and 57% last time). The latter are mainly concentrated with one Direct Participant of the one market.

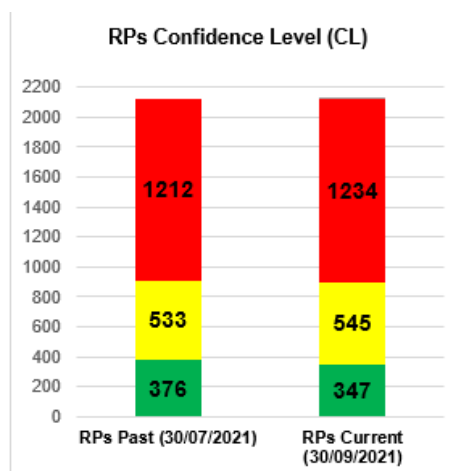
The main issues and concerns encountered by the PSP communities are as follows:

- Tight project timeline
- Lack of resources available in addition to the T2 / T2S consolidation project
- Dependencies with external providers (e.g. Software vendors, NSPs...) and other priorities.
- High concentration of activities towards the end of the project deadline, leaving little buffer in case of slippage.
- Insufficient information from EBA about the changes
- Technical issues related to the connection to ESMIG with NSP, the access to CRDM & TIPS GUIs, the installation of the Go-Sign Desktop and the NRO functionality,
- [For Reachable Parties]: Concentration risk as many Reachable Parties rely on the readiness of one specific institution to on-board to TIPS.

These issues are in the process of being mitigated.

In this reporting cycle, we could see a slight increase in the total number of Reachable Parties reporting their readiness: 2126 TIPS Reachable Parties out of 2135 have reported their readiness during this reporting cycle instead of 2121 in the previous reporting cycle. Some NCBs have reported additional

Reachable Parties joining while some others reported a decrease in these numbers, these variations remain limited.



- Fully confident - no risk identified
- Risks identified that can be overcome
- Risks identified that may endanger migration
- Not reported

PSPs readiness per key phase

With respect to the overall readiness of the PSPs by key phase of the project, the following table highlights that most of the PSPs (2041, i.e.91%) have completed the preparation phase while 8% (191) are still in that phase and that one participant has not yet started.

In comparison with the previous reporting cycle, we observe that many PSPs progressed in their projects: 85% (1913) of the PSPs (most of them are Reachable Parties) have started the subsequent Implementation phase, 10% (226) have completed that phase whereas 4% (94) have not started yet.

The number of PSPs having started the Testing phase (On-going status) has sharply increased from around 20% during the previous reporting cycle towards 31% (690), mainly due to progress made by some Reachable Parties on 2 markets. 62% (1401) of the PSPs have not yet started that phase and 6% (141) of the PSPs have already completed it.

The number of PSPs having started the On-boarding phase remains stable around 20% (457). 73% (1638) of the PSPs have not yet started that phase and 6% (138) of the PSPs have already completed it.

PSPs Overall status per Key phase (% of variation since last reporting cycle) ³					
	Not started	On-going	Completed	Not Reported	TOTAL
Preparation	1	191 (-75%)	2041 (+74%)	11	2244
Implementation	94 (-1%)	1913 (-3%)	226 (+3%)	11	2244
Testing	1401 (-10%)	690 (+9%)	141	12	2244
On-boarding	1638 (-2%)	457 (-2%)	138 (+2%)	12	2244

2. ACH Community readiness to migrate to TIPS

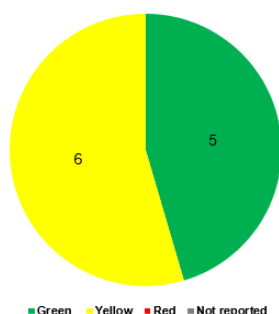
Confidence level

All ACHs subject to the TIPS reachability measures have provided information on their readiness status to migrate to TIPS.

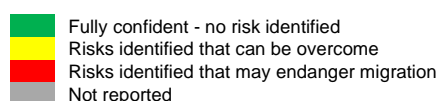
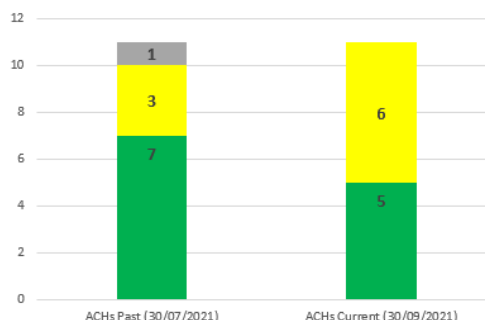
The overall confidence level reported by the ACHs is slightly decreasing and a green confidence level has been reported for 5 ACHs, compared to 7 during the previous reporting cycle.

From a total of 11 ACHs, 5 (45%) have reported a green status and 6 (55%) have stated a yellow status.

ACHs overall Confidence Level as reported by the respective CB



ACHs Confidence Level (CL)



The confidence level reported by 2 ACH during this reporting cycle has decreased from a green status to a yellow status.

Some participants of the first ACH that are opening TIPS DCAs to comply with Measure 1 and that have chosen to access ESMIG via SWIFT Cloud are facing difficulties to access ESMIG due to a lack of configuration information from their NSP. Moreover, problems faced with connectivity, the fact that NRO functionality is not working both in CRDM and TIPS on Sept. 30 and the issues related to the migration of RT1 technical account to TIPS are blocking testing activities.

³ The sum of the % variations shown by Key phase in this tab is not equal to 0 since some roundings may apply on the % variations of the 4 related statuses.

The yellow Confidence level reported by the second ACH is due to the need for the second ACH to reassess the impact of the migration of their technical account from T2 to TIPS, to review and to align their migration approach with their external provider considering the derogation received from the Governing Council to settle both SCT and SCT Inst transactions over TIPS technical account for a limited period of time.

The main issues and concerns highlighted by the ACHs in their reporting are as follows:

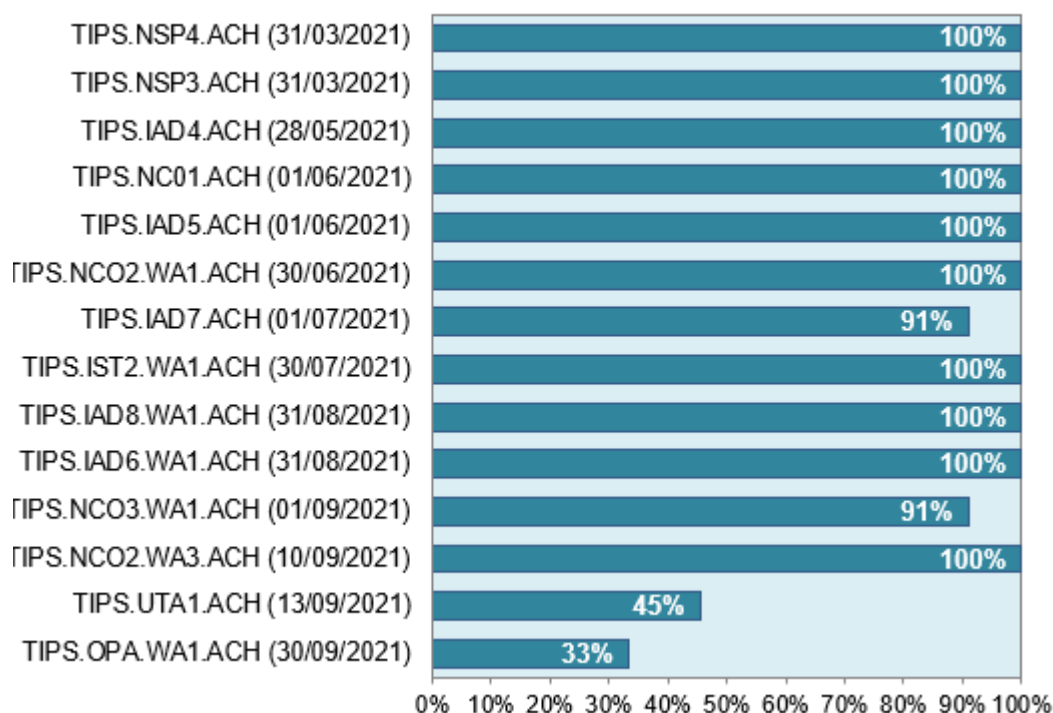
- Lack of visibility on the operational processes and contractual aspects.
- Documentation issues: updated TIPS forms and registration guide not delivered, registration process and required configuration in TIPS to initiate an intra-service liquidity transfer not clearly documented.
- Difficulties with accessing ESMIG.
- NRO functionality not working in both TIPS and CRDM.
- Technical difficulties to set up the access to TIPS and CRDM GUI with the Go-Sign application.
- Issues related to the migration of RT1 technical account.

Regarding the documentation issues raised here above, it has been confirmed that a version of both the updated TIPS forms and of the registration guide have been shared recently. A detailed description of the setup needed for the sending of a liquidity transfer in TIPS by a Participant on behalf of a TIPS DCA holder has been sent to the testing managers on 13 October.

Current and past milestones completion

Regarding milestones completion, the current milestones for the ACHs are significantly met to the exception of UTA1 and OPA.WA1, as presented in the below chart:

ACHs Current and Past Milestones % Completion



As highlighted in the diagram above, respectively 55% and 67% of all the ACHs have experienced delays to complete on time milestones UTA1 (User Testing Activities started) and OPA.WA1 (Operational procedure adaptations completed for ACHs of Wave 1).

Most of the ACHs that have not yet completed these 2 milestones follow a different internal timeline and delays for the completion of these milestones remain limited since most of the ACHs foresee that these milestones will be completed by end of October.

Upcoming milestones completion

The list of the upcoming milestones is detailed here below:

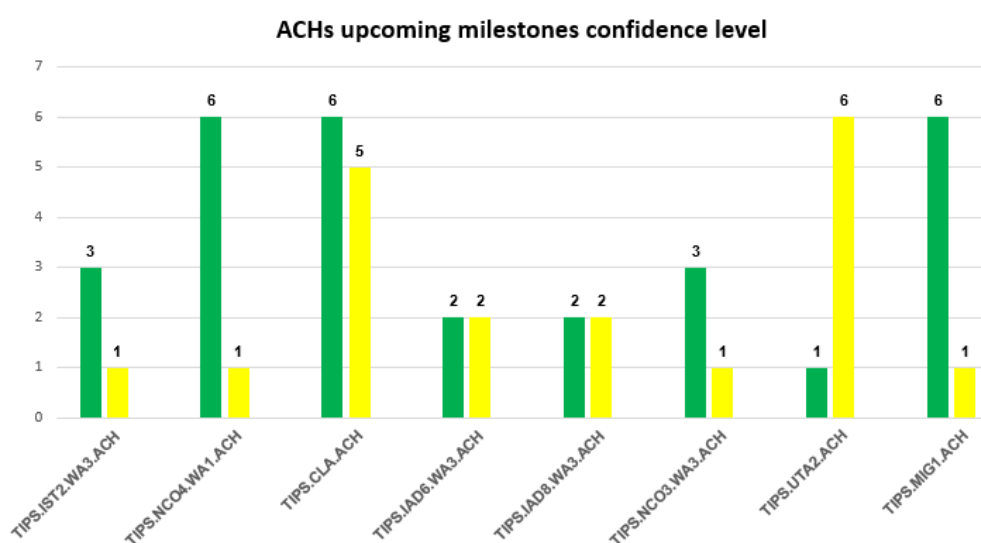
- TIPS.IST2.WA3.ACH - Internal staff training completed for ACHs of the Wave 3- 12/10/2021
- TIPS.NCO4.WA1.ACH - Network connectivity tests on production environment completed for ACHs of Wave 1- 15/10/2021
- TIPS.CLA.ACH - Contractual and legal adaptations completed - 29/10/2021
- TIPS.IAD6.WA3.ACH- Software development for the required internal system adaptations completed for ACHs of Wave 3- 12/11/2021
- TIPS.IAD8.WA3.ACH - Testing of the internal applications completed for ACHs of Wave 3- 12/11/2021
- TIPS.NCO3.WA3.ACH - Network connectivity tests on production environment started for ACHs of Wave 3- 12/11/2021
- TIPS.UTA2.ACH - User testing activities completed for ACHs of Wave 1- 12/11/2021
- TIPS.MIG1.ACH - Pre-migration activities started for ACHs of Wave 1- 22/11/2021

The overall trend reported by NCBs whose ACH is involved in wave 1 is positive since confidence level reported for milestones NCO4.WA1 and MIG1 is mainly green. However, while 6 NCBs currently report

a yellow confidence status regarding the completion of the upcoming milestone UTA2, mainly due to issues with the access to ESMIG and the NRO functionality not working properly in TIPS and CRDM, only one NCB reports a green confidence status.

The overall trend reported by the NCBs whose ACH is involved in wave 3 remains positive but half of the NCBs currently report a yellow status regarding the completion of the upcoming milestones IAD6.WA3 and IAD8.WA3.

A bit less than half of all the ACHs report also a yellow confidence level for the completion of the upcoming milestone CLA.



3. Overall PSP and ACH Communities readiness to migrate to TIPS

The overall level of confidence reported by the Direct Participants is decreasing while the one reported by the Reachable Parties remains stable. The overall level of confidence reported by the ACHs is also decreasing.

Here below is presented the overall level of confidence reported by the PSPs and ACH communities.

PSP and ACH Communities Confidence Level						
	PSP Direct Participants		PSP Reachable Parties		ACHs	
	Previous Status (30/07/21)	Current Status (30/09/21)	Previous Status (30/07/21)	Current Status (30/09/21)	Previous Status (30/07/21)	Current Status (30/09/21)
Green	74 (66%)	54 (50%)	376 (18%)	347 (16%)	7 (64%)	5 (45%)
Yellow	30 (27%)	42 (39%)	533 (25%)	545 (26%)	3 (27%)	6 (55%)

Red	6 (5%)	10 (9%)	1212 (57%)	1234 (58%)	0	0
Not reported	2 (2%)	3 (3%)	0(0%)	9 (0%)	1 (9%)	0 (0%)
TOTAL	112 (100%)	109 (100%)	2121 (100%)	2135 (100%)	11 (100%)	11 (100%)

Annex 1: ACH Key Milestones

TIPS Reachability - List of Project Key Milestones

The **key milestones** (solely relevant to ACHs) are as follows:

Code	Milestone	Deadline
	Project Setup	
TIPS.PSE.ACH	Project set up <ul style="list-style-type: none"> - ACHs have nominated a project manager and set up the project (allocated resources, required budget and started the impact analysis). 	29 January 2021
	Internal Adaptations	
	Impact Assessment	
TIPS.IAD1.ACH	Impact assessment started <ul style="list-style-type: none"> - ACHs have started with the detailed business and technical impact assessment to adapt their IT systems and processes to the new service. This includes the impact assessment on how to connect their IT systems to the system. 	4 January 2021
TIPS.IAD2.ACH	Impact assessment completed	26 February 2021

	<ul style="list-style-type: none"> - ACHs have completed the detailed business and technical impact assessment to adapt their IT systems and processes to the new service. This includes the impact assessment on how to connect their IT systems to the system. 	
	Documentation	
TIPS.IAD3.ACH	<p>Drafting of internal applications documentation started</p> <ul style="list-style-type: none"> - ACHs have started the drafting of their internal applications documentation (e.g. business requirements and functional specifications for key functionalities). 	1 April 2021
TIPS.IAD4.ACH	<p>Drafting of internal applications documentation completed</p> <ul style="list-style-type: none"> - ACHs have finalised the drafting of their internal applications documentation (e.g. business requirements and functional specifications for key functionalities). 	28 May 2021
	Network Service Provider Procurement Process	
TIPS.NSP1.ACH	<p>Network service provider selection criteria development completed</p> <ul style="list-style-type: none"> - ACHs have developed the selection criteria for the network service providers (e.g. decision on direct or indirect connection, value added 	29 January 2021

	services expected from network service providers).	
TIPS.NSP2.ACH	New connectivity design strategy and planning completed - ACHs have completed the new connectivity design strategy (e.g. on U2A/A2A) and planning.	26 February 2021
TIPS.NSP3.ACH	Network service provider selection and contract preparation completed - ACHs have selected their network service provider and completed the preparation for the contract signature.	31 March 2021
TIPS.NSP4.ACH	Network service provider procurement completed - ACHs have procured and signed a contract with their selected network service provider.	31 March 2021
	Contractual and Legal Adaptation	
TIPS.CLA.ACH	Contractual and legal adaptations completed - ACHs have completed contractual and legal adaptations.	29 October 2021
	Go-live (first business day)	
TIPS.GLI.ACH	Go-live (first business day) - ACHs will decide in which wave they intend to participate	10 December 2021

The milestones related to the **migration waves for ACHs** are the following:

Code	Milestone	Deadline
	Internal adaptations	
	Software development	
TIPS.IAD5.ACH	Software development for the required internal system adaptations started <ul style="list-style-type: none"> - ACHs have started their internal developments to adapt their IT systems and processes to the new service. 	1 June 2021
TIPS.IAD6.WA1.ACH	Software development for the required internal system adaptations completed for ACHs of Wave 1 <ul style="list-style-type: none"> - ACHs of the first wave have finalised their internal developments to adapt their IT systems and processes to the new service. 	31 August 2021
TIPS.IAD6.WA3.ACH	Software development for the required internal system adaptations completed for ACHs of Wave 3	12 November 2021

	<ul style="list-style-type: none"> - ACHs of the third wave have finalised their internal developments to adapt their IT systems and processes to the new service. 	
	Internal testing	
TIPS.IAD7.ACH	<p>Testing of the internal applications started</p> <ul style="list-style-type: none"> - ACHs have started the internal testing. 	1 July 2021
TIPS.IAD8.WA1.ACH	<p>Testing of the internal applications completed for ACHs of Wave 1</p> <ul style="list-style-type: none"> - ACHs of the first wave have completed their internal testing of key functionalities to enable the User testing and migration. 	31 August 2021
TIPS.IAD8.WA3.ACH	<p>Testing of the internal applications completed for ACHs of Wave 3</p> <ul style="list-style-type: none"> - ACHs of the third wave have completed their internal testing of key functionalities to enable the User testing and migration. 	12 November 2021
	Network connectivity testing	
TIPS.NCO1.ACH	<p>Network connectivity tests on testing environment started</p> <ul style="list-style-type: none"> - ACHs have started the connectivity testing on the testing environment before user testing activities. 	1 June 2021

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TIPS.NCO2.WA1.ACH	<p>Network connectivity tests on testing environment completed for ACHs of Wave 1</p> <ul style="list-style-type: none"> - ACHs of the first wave have completed the connectivity testing on the testing environment and are ready to start the user testing. 	30 June 2021
TIPS.NCO2.WA3.ACH	<p>Network connectivity tests on testing environment completed for ACHs of Wave 3</p> <ul style="list-style-type: none"> - ACHs of the third wave have completed the connectivity testing on the testing environment and are ready to start the user testing. 	10 September 2021
TIPS.NCO3.WA1.ACH	<p>Network connectivity tests on production environment started for ACHs of Wave 1</p> <ul style="list-style-type: none"> - ACHs of the first wave have started the connectivity testing on the production environment before pre-migration activities. 	1 September 2021
TIPS.NCO3.WA3.ACH	<p>Network connectivity tests on production environment started for ACHs of Wave 3</p> <ul style="list-style-type: none"> - ACHs of the third wave have started the connectivity testing on the production environment before pre-migration activities. 	12 November 2021
TIPS.NCO4.WA1.ACH	<p>Network connectivity tests on production environment completed for ACHs of Wave 1</p>	15 October 2021

	<ul style="list-style-type: none"> - ACHs of the first wave have completed the connectivity testing on the production environment and are ready to start the pre-migration activities. 	
TIPS.NCO4.WA3.ACH	<p>Network connectivity tests on production environment completed for ACHs of Wave 3</p> <ul style="list-style-type: none"> - ACHs of the third wave have completed the connectivity testing on the production environment and are ready to start the pre-migration activities. 	14 January 2022
Training		
TIPS.IST1.ACH	<p>Internal staff training started</p> <ul style="list-style-type: none"> - ACHs have started the internal training for the user testing and operational activities. 	1 March 2021
TIPS.IST2.WA1.ACH	<p>Internal staff training completed for ACHs of the Wave 1</p> <ul style="list-style-type: none"> - ACHs of the first wave have completed internal training for the user testing and operational activities. 	30 July 2021
TIPS.IST2.WA3.ACH	<p>Internal staff training completed for ACHs of the Wave 3</p> <ul style="list-style-type: none"> - ACHs of the third wave have completed internal training for the user testing and operational activities. 	12 October 2021
User Testing Activities		
TIPS.UTA1.ACH	<p>User testing activities started</p> <ul style="list-style-type: none"> - All ACHs have started the user testing activities. 	13 September 2021

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TIPS.UTA2.ACH	<p>User testing activities completed for ACHs of Wave 1</p> <ul style="list-style-type: none"> - ACHs of the first wave have completed the user testing (including community and dress rehearsals for the migration) and have completed the certification test cases required by the Eurosystem. 	12 November 2021
TIPS.UTA3.ACH	<p>User testing activities completed for ACHs of Wave 2</p> <ul style="list-style-type: none"> - ACHs of the second wave have completed the user testing (including community and dress rehearsals for the migration) and have completed the certification test cases required by the Eurosystem. 	14 January 2021
TIPS.UTA4.ACH	<p>User testing activities completed for ACHs of Wave 3</p> <ul style="list-style-type: none"> - ACHs of the third wave have completed the user testing (including community and dress rehearsals for the migration) and have completed the certification test cases required by the Eurosystem. 	18 February 2022
Operational Procedure Adaptation		
TIPS.OPA.WA1.ACH	<p>Operational procedure adaptations completed for ACHs of Wave 1</p>	30 September 2021

	<ul style="list-style-type: none"> - ACHs of the first wave have completed the operational procedure adaptations. 	
TIPS.OPA.WA3.ACH	<p>Operational procedure adaptations completed for ACHs of Wave 3</p> <ul style="list-style-type: none"> - ACHs of the third wave have completed the operational procedure adaptations. 	10 December 2021
Migration Activities		
TIPS.MIG1.ACH	<p>Pre-migration activities started for ACHs of Wave 1</p> <ul style="list-style-type: none"> - ACHs of the first wave are ready to start the pre-migration activities and to setup reference data (e.g. users, access rights, etc.) on the production environment according to the migration plan. 	22 November 2021
TIPS.MIG2.ACH	<p>Pre-migration activities completed for ACHs of Wave 1</p> <ul style="list-style-type: none"> - ACHs of the first wave have completed the pre-migration activities on the production environment and are ready for the go-live. 	3 December 2021
TIPS.MIG3.ACH	<p>Pre-migration activities started for ACHs of Wave 2</p> <ul style="list-style-type: none"> - ACHs of the second wave are ready to start the pre-migration activities and to setup reference data 	3 January 2022

	(e.g. users, access rights, etc.) on the production environment according to the migration plan.	
TIPS.MIG4.ACH	<p>Pre-migration activities completed for ACHs of Wave 2</p> <ul style="list-style-type: none"> - ACHs of the second wave have completed the pre-migration activities on the production environment and are ready for the go-live. 	14 January 2022
TIPS.MIG5.ACH	<p>Pre-migration activities started for ACHs of Wave 3</p> <ul style="list-style-type: none"> - ACHs of the third wave are ready to start the pre-migration activities and to setup reference data (e.g. users, access rights, etc.) on the production environment according to the migration plan. 	7 February 2022
TIPS.MIG6.ACH	<p>Pre-migration activities completed for ACHs of Wave 3</p> <ul style="list-style-type: none"> - ACHs of the third wave have completed the pre-migration activities on the production environment and are ready for the go-live. 	18 February 2022
Go-live (first business day)		

Annex 2: ACH Migration Waves**TIPS Reachability - List of Migration Waves**

Code of the Wave	Name of the Wave	Go Live Date
TIPS.WAV1.ACH	First wave of ACHs	10 December 2021
TIPS.WAV2.ACH	Second wave of ACHs	21 January 2022
TIPS.WAV3.ACH	Third wave of ACHs	25 February 2022
TIPS.WAVC.ACH	Contingency wave	25 March 2022