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Outcome of the T2S Change Review Group (CRG) Meeting

19 January 2021, from 10:00 to 16:00 CET (held remotely)

1. Introductory remarks and approval of the agenda

Outcome

The CRG chairperson, Karen Birkel, welcomed the participants and introduced the meeting, held remotely due to COVID-19 precautionary measures.

The CRG members took note that the T2S Steering Level (CSG/NECSG) had authorised CR-751, CR-752 and CR-753 and approved inclusion of the OMG CRs in R5.2 (CR-746, 747) and R6.0 (CR-750), of the CSLD related CR-701 (ESMIG) and CR-706 (BILL) in R6.0, and CR-734 (length of amount fields) in R6.2.

The CRG members were also informed of the upcoming renewal of the AMI-SeCo membership and of the implications for CRG observers, whose term is aligned with the term of AMI-SeCo members. Once the AMI-SeCo membership is confirmed, the AMI-SeCo will be invited to propose to the MIB to renew the current CRG observers for an additional term (2 years).

The CRG members were informed on some updates from OMG and PMG activities and approved the agenda of the meeting.

2. Outcome of previous meetings and CRG action points

Background documentation

- Outcome of the CRG meeting on 18 November 2020 [6/1]
- Outcome of the CRG teleconference on 17 December 2020 [18/1, unchanged from 7/1]
- List of CRG action points [14/1]

Outcome

The CRG members approved the outcomes of the CRG meeting on 18 November 2020 and of the CRG teleconference on 17 December 2020.

The ECB team provided an update on the status of open CRG action points. CRG members took note, in particular, of the following:

- AP-4012 ([ECB] to seek the OMG view on Legal archiving design for the CRDM-triggered liquidity transfers):
CRG members took note of the request of OMG members for further information on the manual solution for back tracing of CRDM triggered Liquidity transfers, in order to be able to fully assess it. CRG members took note that the Eurosystem was working on an outline of the manual procedure. CRG members will be invited to review the envisaged procedure from a functional perspective before its assessment by the OMG. CRG members asked to keep the action point open until the OMG confirms that the envisaged manual solution is acceptable.
- AP-4011 ([ECB] to check dates of ESMIG connectivity testing mentioned in CR-701):
CRG members took note that the envisaged dates for ESMIG connectivity testing would be discussed on 21 January 2021 between

stakeholders from the T2S, T2 and ECMS governances. The CRG invited the ECB team to communicate these dates, once stable, to CRG members, and agreed to remove the related paragraph from CR-701 and to close the action point.

Follow-up actions

- CRG members to confirm the closure of action points proposed for closure [29 January 2021]
- ECB to communicate the dates of ESMIG connectivity testing to CRG members [24 March 2021]

3. Analysis of change requests

3.1 Change requests under implementation

Background documentation

- T2S-0384-SYS (A2A message to make securities ineligible for auto-collateralisation) [13/1]
- T2S-0436-URD (Client-collateralisation: allow payment banks to set up their own list of close links) [13/1]
- T2S-0530-URD (One close link database for Eurosystem NCBs and separate database per non-EUR currency) [13/1]
- T2S-0572-SYS (A2A message to remove close links) [13/1]
- T2S-0574-URD (Applying additional haircuts to own-used assets in T2S auto-collateralisation) and Annex [6/1]
- T2S-0629-SYS (Enhance Cash Forecast Query and Report to display CORP related cash movements separately) [12/1]
- T2S-0680-SYS (T2S should allow ECMS to receive flat file statement of holdings, transactions and pending instructions at the level of securities accounts) [6/1]
- T2S-0701-SYS (ESMIG impact on T2S) [15/1]

Outcome

T2S-0384-SYS (A2A message to make securities ineligible for auto-collateralisation)

The CRG members agreed to the proposed wording of the description of the new message *reda.075 (Eligible Securities Deletion Request)* in the T2S UDFS, and took note that the description previously provided as an attachment to CR-384 would be removed from the CR, as it is superseded by the description to be published in MyStandards.

Follow-up actions:

- ECB to distribute the updated version of CR-384 to other T2S technical groups [22 January 2021]

T2S-0436-URD (Client-collateralisation: allow payment banks to set up their own list of close links)

The CRG members agreed to the proposed modifications to the wording of the description of the message *reda.027 (Close Link Creation Request)* in the T2S UDFS.

Follow-up actions:

- ECB to distribute the updated version of CR-436 to other T2S technical groups [22 January 2021]

T2S-0530-URD (One close link database for Eurosystem NCBs and separate database per non-EUR currency)

The CRG members agreed to the proposed modifications to the wording of the description of the message *reda.027 (Close Link Creation Request)* in the T2S UDFS.

Follow-up actions:

- ECB to distribute the updated version of CR-530 to other T2S technical groups [22 January 2021]

T2S-0572-SYS (A2A message to remove close links)

The CRG members agreed to the proposed wording of the description of the new message *reda.077* (Close Link Deletion Request) in the T2S UDFS, and took note that the description previously provided as an attachment to CR-572 would be removed from the CR, as it is superseded by the description to be published in MyStandards

Follow-up actions:

- ECB to distribute the updated version of CR-572 to other T2S technical groups [22 January 2021]

T2S-0574-URD (Applying additional haircuts to own-used assets in T2S auto-collateralisation)

The CRG members agreed to the revised specifications of the valuations flat file in T2S. CRG members also took note that, while the new specifications would be valid from R5.2 onwards, the current specifications would remain valid, in parallel, until the go-live of ECMS. Accordingly, CRG members invited the ECB team not to distribute the updated version of CR-574 to other technical groups until this point was clarified and the current specifications re-included in the proposed UDFS wording for R5.2.

Follow-up actions:

- 4CB to provide an updated version of CR-574 and its annex [29 January 2021]
- 4CB to provide the outstanding UHB updates for CR-574 [24 March 2021]

T2S-0629-SYS (Enhance Cash Forecast Query and Report to display CORP related cash movements separately)

The CRG members agreed to update CR-629 to correct the description of the *camt.004* message impact (balance code CRAC, already existing, does not need to be added again) and three datatypes (*QueryType2Code_T2S_1*, *QueryType2Code_T2S_2* and *T2SCashBalanceCodes_T2S_1*).

Follow-up actions:

- ECB to distribute the updated version of CR-629 to other T2S technical groups [22 January 2021]

T2S-0680-SYS (T2S should allow ECMS to receive flat file statement of holdings, transactions and pending instructions at the level of securities accounts)

The CRG members agreed to update CR-680 to reflect in the UDFS wording that transmission fees would be waived for the reports *semt.E02*, *semt.E17* and *semt.E18*, as per the decision of the T2S Steering Level.

Follow-up actions:

- ECB to distribute the updated version of CR-680 to other T2S technical groups [22 January 2021]

T2S-0701-SYS (ESMIG impact on T2S)

The CRG members agreed to the correction of the date until which the current T2S connectivity would remain available for PROD: 11 June 2022, instead of July 2022: EAC and UTEST according to agreed CR delivery planning and to remove from CR-701 the envisaged dates of connectivity testing. CRG members also took note that the ECB and 4CB had identified a potential need to update the GFS changes described in CR-701. Accordingly, CRG members invited the ECB team not to distribute the updated version of CR-701 to other technical groups until a stable version was agreed by the CRG.

Follow-up actions:

- 4CB to provide an updated version of CR-701 [29 January 2021]

3.2 Change requests already authorised at T2S Steering Level (not yet under implementation)

Background documentation

- T2S-0745-URD (T2S penalty mechanism must provide increased flexibility for the penalty computation currency in case of FOP instructions) [6/1, updated 18/1]
- T2S-0745-URD - Summary of the detailed assessment [13/1, updated 14/1]
- T2S-0745-URD – Additional information on the detailed assessment [6/1]

Outcome

T2S-0745-URD (T2S penalty mechanism must provide increased flexibility for the penalty computation currency in case of FOP instructions)

The CRG members took note of the results of the detailed assessment of CR-745 and had no outstanding questions. The CRG recommended to the PMG the implementation of CR-745 in T2S release 5.2 (November 2021).

3.3 Change requests not yet authorised at T2S Steering Level

3.3.1 Change requests under preliminary assessment

Background documentation

- T2S-0739-SYS (Prioritise transactions with an older intended settlement date over newer ones also after ISD+3 of the newer transaction) [6/1]
- T2S-0739-SYS – Preliminary assessment presentation [12/1]
- T2S-0740-SYS (No check of the Minimum Settlement Unit upon revalidation of partially settled instructions and partially settled settlement restrictions) [6/1]

Outcome

T2S-0739-SYS (Prioritise transactions with an older intended settlement date over newer ones also after ISD+3 of the newer transaction)

The CRG members took note of the results of the preliminary assessment of CR-739, in particular of the limitations of the scope on which the proposed solution (serialisation of the RTS recycling of transactions based on their age) would be applicable. 4CB and Euroclear informed CRG members that, based on the analysis of a limited set of examples flagged by CSD participants, the proposed solution was expected to substantially reduce the occurrence of unexpected settlement in the real time settlement period.

Upon a question by a CRG member, the 4CB agreed to indicate in the detailed assessment of the CR, if launched by the PMG, which transaction volumes would trigger an automatic disabling of the CR-739 solution, as foreseen by the preliminary assessment. CRG members had no outstanding questions and agreed to recommend CR-739 for authorisation by the T2S Steering Level, with the following wording of CR parameters:

- *Legal/business importance: High because the unexpected order of settlement affects T2S actors and their customers and is expected to become even more sensitive when CSD provisions fully apply.*
- *Market implementation efforts: Low because the CR would not require implementation efforts by T2S actors.*
- *Operational/technical risk: Medium because the CR affects the SETT functions and is volume sensitive*
- *Financial impact parameter: Medium (200-400 kEUR)*

Follow-up actions:

- *CRG members to provide business values for CR-739 [29 January 2021]*

T2S-0740-SYS (No check of the Minimum Settlement Unit upon revalidation of partially settled instructions and partially settled settlement restrictions)

The CRG members took note of the results of the preliminary assessment of CR-740. CRG members agreed that the requirements of CR-740 were stable and complete and recommended the CR for authorisation by the T2S Steering Level.

The CRG agreed to document the value of the parameters for CR-740 as follows:

- *Legal/business importance: Medium because the CR would avoid the need for operational procedures deriving from the fact that the cancellation of an instruction as a result of the MSU validation in certain events is difficult to avoid and manage from a user perspective. There is a positive business impact to let the remaining quantity lower than the MSU settle in these certain events as well.*
- *Market implementation efforts: Low because no development is required on the user side (testing only)*
- *Operational/technical risk: Low because quantities already can settle lower than the MSU today and this is only an adjustment of the existing validation.*
- *Financial impact parameter: Low (< 100kEUR)*

Follow-up actions:

- *CRG members to provide business values for CR-740 [29 January 2021]*

4. Clarification notes

Background documentation

- CRG-PBR-0023 (Gap in Following Day Cash Forecast on Closing Business Day) [12/1]

Outcome

CRG-PBR-0023 (Gap in Following Day Cash Forecast on Closing Business Day)

The CRG members took note that, following the definition of the next cash settlement day cash forecast as revised by CR-556, a next day cash forecast requested during a closing day of a currency would not include transactions that failed to settle before that closing day.

CRG members were invited to provide their views via written procedure on whether they identify a business case to amend the T2S behaviour described in the note CRG-PBR-0023. The ECB team agreed to provide to CRG members a description of any possible workaround identified by 4CB to determine the value of Failing instructions on a closing date, as soon as it is available.

CRG members invited the 4CB to clarify in the SDDs for T2S R5.0 the contents of the next day cash forecast. Some CRG members expressed the view that the behaviour described in CRG-PBR-0023 should be analysed as a release defect and invited the ECB and 4CB to further investigate this.

Follow-up actions:

- *4CB to raise an editorial CR to accurately document in the SDD for R5.0 the contents of the next day cash forecast when queried on a cash holiday [22 January 2021]*
- *4CB/ECB to analyse whether the behaviour described in CRG-PBR-0023 constitutes a release defect [29 January 2021]*
- *CRG to indicate if they identify a business case to amend the T2S behaviour described in the note CRG-PBR-0023 [29 January 2021]*

5. Background information on Euroclear Finland onboarding to T2S

Background documentation

- Euroclear Finland onboarding to T2S – CRG background information [14/1]

Outcome

Euroclear Finland onboarding to T2S – CRG background information

The CRG members took note of the background information provided on the projected onboarding of Euroclear Finland to T2S, and in particular that the large number of securities accounts to be migrated, as well as the existence of infrequent, but very large volume of corporate actions transactions, were specificities of this project requiring analysis by the T2S technical groups. CRG members took note that, as part of the preparation of the Euroclear Finland onboarding, the CRG would be expected to assess any CRs related to the onboarding, as well as T2S functional questions that might arise from the ongoing preparation work.

6. Common components in T2S documentation

Background documentation

- Common components in T2S documentation - Presentation [14/1]

Outcome

Common components in T2S documentation – Presentation

The CRG members took note that the Eurosystem was considering restructuring the T2S UDFS and UHB to follow a similar approach as in other TARGET Services, whereby the T2S UDFS/UHB would only describing the functionalities / messages relevant to T2S-specific software modules, such as LCMM or SETT, while the functionalities / messages handled by common components (CRDM, ESMIG) would be described in one UDFS/UHB document per common component.

The CRG members had no immediate objections to the envisaged approach but highlighted that any change in the documentation structure should ensure that no information is lost, that ease of navigation is preserved, and that cross-services impacts are duly considered. In addition, CRG members mentioned that any change to the new structure should be performed adopting a step-by-step approach, starting with one component and then subsequently extending to further components in order to use a learn-by-doing approach. 4CB highlighted that determining the optimal structure for information published in MyStandards would require a dedicated, deep-dive session with CRG members due to the complexity of this matter. It was concluded that restructuring of the current SDD structure could start 2023 at the earliest (i.e. after R6.0) The ECB agreed to organise such a deep dive session when the topic is more mature, and confirmed that in any case, the current structure of documentation would remain unchanged until at least release 6.0 (included). The ECB invited CRG members to provide any further observations via written procedure until 29 January 2021, in view of future discussions at the T2S Steering Level.

Follow-up actions:

- *CRG members to provide observations on the envisaged restructuring of T2S documentation [29 January 2021]*

7. Any other business

Background documentation

- OGPF review – Preliminary assessment workflow [14/1]
- Compliance of T2S with ISO standards referenced in the UDFS [12/1]

- Update on capacity consumption [15/1] (background doc only, no discussion)
- Delivery plan of change requests [12/1] (background doc only, no discussion)

Outcome

OGPF review – Preliminary assessment workflow

The CRG members agreed that the increased use of the fast-track process for recent CRs showed that a significant part of recent CRs came with a time constraint for implementation. CRG members indicated that they would be open for a discussion on a more flexible definition of CRs eligible to fast-tracking in the T2S Framework agreement, to cater for the cases where the CRG identifies a business urgency for a CR or otherwise considers that a preliminary assessment is not needed. The CRG confirmed, however, that the preliminary assessment was a very valuable step in the change management process and should remain part of the default path followed by a T2S CR as this should not limit in anyway the ability to assign CRs for fast-track, if needed. The CRG invited the ECB to report on this topic in the OGPF drafting group, scheduled on 8 February 2021.

Follow-up actions:

- ECB to inform the participants to the workshop on the review of the OGPF of the outcome of the CRG discussion on the preliminary assessment step [8 February 2021]

Compliance of T2S with ISO standards referenced in the UDFS

The CRG members took note of the 4CB assessment on the compliance of T2S with the ISO standard on country codes (ISO 3166-1:2020), i.e. that compliance with this standard a responsibility of the T2S Operator (i.e. it is not built in the T2S software).

Follow-up actions:

- 4CB to include in the T2S documentation for R5.2 the version/year of ISO standards being referenced [30 July 2021]

CRG Meeting dates

The following CRG meetings are planned in 2021 (to be confirmed at least 4 weeks in advance)

24 February 2021	10:00-12:00	Webex
24 March 2021	10:00-16:00	Webex
25 May 2021	10:00-16:00	Webex
7 July 2021	10:00-16:00	Webex
10 September 2021	10:00-16:00	Webex
9 November 2021	09:30-17:30	ECB Main building