



EUROPEAN CENTRAL BANK

EUROSYSTEM



T2S OnLine

QUARTERLY REVIEW
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Jean-Michel Godeffroy

EDITORIAL

T2S FACES ITS FIRST REAL TEST

At the Sibos event in Hong Kong last autumn, as well as in the Euro Finance Week in Frankfurt, I warned that the additional seven months required to validate the General Functional Specifications had eliminated many of the buffers that had been available in the project plan. But, at that time, we still hoped that the project would remain on schedule by increasing the number of activities run in parallel.

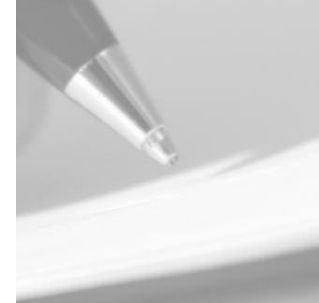
In the last few months, however, it has become clearer that we will need to undertake a more far-reaching review of our work plan. I announced it at the Advisory Group meeting on 15 January 2010, and market participants inferred that this would most likely mean a delay in the initial go-live date.

Some of the reasons for these time problems are external to the Eurosystem. For example, the User Requirements Document (URD) has proved to be more complex than anticipated, although I believe we still achieved our goal of a “lean” T2S. To some extent, we paid the price of our transparency policy which required sometimes that we consult the market several times before reaching the minimum level of consensus before taking the final decision. I have no regret in this respect because the system that we are building together is being built on rock and not on sand, i.e. on market consensus rather than on arbitrary decisions. But, of course, this higher-than-expected level of complexity and this search for market consensus had an impact on the timetable.

I would not like to give the idea that we are only looking for outside excuses. Progress on T2S has been slower than anticipated also for reasons which are internal to the Eurosystem. To some extent, the difficulties in finalising the General Functional Specifications were linked to the need to thoroughly understand the specificities of securities settlement, related to the integration of cash and securities processing in one platform. The complex organisation of “T2S company”, which involves two “subsidiaries” (the ECB and the 4CB) and its five “factories” (one at the ECB and four at the 4CB), has also had an impact on the timetable, most notably during the validation of the General Functional Specifications.

This comprehensive review of the work plan that we are currently undertaking is the most difficult challenge that we have faced since the start of the T2S programme. But the Programme Board that I chair is determined to address this issue without complacency. In the last few weeks, we have started carefully reviewing our current organisational set-up and checking that the problems that have been identified have been properly addressed. Although this is a difficult time, I believe that it will, in the end, strengthen our organisation for the future.

I am extremely grateful for the market reaction so far, both in the Advisory Group and in the bilateral discussions which followed. There was a clear sense of understanding for our difficulties. Nonetheless, we now want to make sure that we can set a new go-live date and stick to it. We



know that market participants need a firm date in order to plan their own system adjustments. We are therefore in the process of coming up with a new date to open T2S to business; a go-live date which will not be challenged again.

But I do not want to paint too gloomy a picture because there is also much good news to celebrate. The project is, indeed, progressing really well, albeit at a lower speed than anticipated.

The most important achievement is the freezing of the User Requirements Document during our AG in Amsterdam on 15 January. This is an important milestone. This version of the URD also includes the - much debated - Credit Memorandum Balance functionality, which will provide an enhanced service to payment and settlement banks for the management of their clients' credit lines.

The Governing Council has also approved the eligibility rules for the participation of Central Securities Depositories (CSDs) in T2S (available on the T2S website at www.ecb.europa.eu/paym/t2s/pdf/csd/eligibility_criteria.pdf). These rules will ensure a level playing field between CSDs, and that there is no free-riding. They leave some flexibility nevertheless to care for very specific local situations, where needed.

In the last few months, we have also begun our discussions with securities regulators. This is necessary in order for the Framework Agreement to pass smoothly. The negotiations with CSDs on the Framework Agreement are also ongoing. The discussions are tough, but this is not surprising given that all business requirements have to be put into proper legal wording.

We are also engaged in well-advanced discussions with KDPW, the National Depository for Securities in Poland, regarding their signature of the T2S Memorandum of Understanding. This would increase the number of CSDs which have signed the Memorandum to an impressive 29. This brings us another step closer towards achieving our ambitious single market objective for the European financial market.

I would now like to introduce the other articles in this issue of T2S Online. As usual, Helmut Wacket provides the latest update on recent project developments and policy decisions. We then have an interview with Guido Ravoet, the Secretary General of the European Banking Federation, who gives his views on the governance of T2S and the future role of the Advisory Group. This is followed by an article by Johannes Luef, the chairman of VP Securities, the Danish CSD, about the challenges and opportunities of T2S from a CSD perspective. Marc Bayle, the T2S Programme Manager, then gives his outlook on the forthcoming negotiations of the Framework Agreement. Finally, we have an article which introduces the 4CB and how it is organised in order to manage their responsibilities in such a large and complex project.

I hope you enjoy this quarter's magazine.

Jean-Michel Godeffroy, Chairman of the T2S Programme Board

T2S PROJECT UPDATE

MAJOR ACHIEVEMENTS

Key technical documentation

In November 2009 the General Functional Specifications and the General Technical Design were approved by the T2S Programme Board and published on the T2S homepage.¹

The General Functional Specifications explain in general terms how the T2S software application will meet the user requirements as currently described in the User Requirements Document, version 4.2, while the General Technical Design presents the technical infrastructure that will be used to run the T2S software application. One particular aspect of the technical design is the user connectivity, namely the way T2S will interface with central securities depositories (CSDs) or directly connected participants. The Eurosystem will attribute the function to the network providers that win a selection process. The Eurosystem is collecting feedback from T2S actors on the envisaged approach, and, on the basis of this input, will publish the high level principles of the selection process in spring 2010.

In general, the publication of the General Functional Specifications and the General Technical Design represents a major milestone in the project's development and sets the pace for the completion of the next key technical document: the User Detailed Functional Specifications. The User Detailed Functional Specifications provide the T2S actors directly connected, i.e. CSDs, national central banks and users, with all the information they need to prepare their internal systems for interacting with T2S.

Migration strategy

With regard to the migration to T2S, two approaches have been thoroughly investigated by the T2S Advisory Group: migration by security and migration by CSD. In the latter approach, all settlement activity of CSDs will move to T2S on their migration date. In the migration by security approach, a pre-defined set of securities would move to T2S on each migration date, thereby affecting all CSDs settling those securities, whereas in the migration by CSD approach group of CSDs would migrate to T2S in a gradual way. Following the careful analysis of the Advisory Group, the Governing Council endorsed the migration by CSD approach because it allows a better balance of project costs and risks (e.g. in terms of software development and testing for CSDs and users) than the migration by security approach. Moreover, it better ensures the smooth conduct of business operations during the migration period.

¹ http://www.ecb.europa.eu/paym/t2s/html/t2s_spotlight_008.en.html and http://www.ecb.europa.eu/paym/t2s/html/t2s_spotlight_009.en.html

² http://www.ecb.europa.eu/paym/t2s/pdf/T2SV4.2_Draft_July_2009.pdf?1749e83d962dee8677400de19b3bdd11



Eligibility of CSDs

The Eurosystem has a strong interest in ensuring that the CSDs participating in T2S open up to competition. Many market participants have mentioned the risk that some CSDs may be tempted to free-ride on T2S. This would happen if a CSD used T2S to access securities issued by other CSDs, but did not make its balances available to them. The fear that some CSDs may free-ride might in turn prevent other CSDs from bringing into T2S the securities for which they are the issuer CSD, thus generating a vicious circle.

In addition, some CSDs might join T2S with their full domestic and cross-border volumes, while other CSDs might join only with their cross-border/cross-CSD volumes. In this situation, the CSDs bringing their full volumes would be subsidising the cross-border volumes of the other CSDs.

It is essential to protect T2S from such free-riding situations, which hinder the implementation of T2S' main objectives and principles. The Governing Council therefore adopted five eligibility criteria for CSDs in T2S. The objectives of the eligibility criteria are: i) ensuring that the participating CSDs do not pose a risk for other CSDs and their users (see criteria 1 and 2 in the box); and ii) preventing free-riding behaviour in T2S, which would be to the detriment of other CSDs and of the European financial markets in general (see criteria 3, 4 and 5 in the box).

Of course, if a currency is not in T2S, the CSD cannot conduct DvP settlement in central bank money in T2S for securities denominated in such currency. In this case, the CSD may join T2S and continue to perform DvP in its legacy platform, provided that the securities issued are easily accessible to other T2S CSDs (see criterion 5 in the box).

Meeting the eligibility criteria is a precondition for a CSD to join T2S and to remain in T2S. A continuous assessment of the criteria will enable cases of non-fulfilment to be investigated. This may lead to penalties which will have to be specified contractually in the Framework Agreement between the Eurosystem and the participating CSDs.

The actual implementation of the criteria will be further discussed in the Advisory Group, in accordance with the principle of transparency.

WORK PROGRESS AND UPCOMING DELIVERABLES

External governance

The Governing Council decided to synchronise and extend the current mandate of the T2S Advisory Group and of the CSD Contact Group until the Framework Agreement between the Eurosystem and the CSDs enters into force.

T2S PROJECT UPDATE

The T2S Programme Board has started discussions within the T2S Advisory Group and the CSD Contact Group on how T2S governance could evolve over time. It has started preparing the governance for the development phase and the principles for the operational phase. These will be finalised in spring 2010.

Harmonisation issues

Following the approval by the T2S Advisory Group in September 2009, the standards on corporate actions were sent to the European Commission's Clearing and Settlement Advisory and Monitoring Expert Group in November for endorsement. The T2S Corporate Actions Subgroup will monitor the implementation of the standards in the T2S markets.³

In December 2009 the T2S Process Efficiency Subgroup provided its final report to the T2S Advisory Group for the approval of eleven issues. The implementation of these proposals will bring additional efficiency and transparency to the European post-trade environment.⁴

Following a request from European issuers, the T2S Advisory Group agreed in December 2009 to create a task force for exploring harmonisation of shareholder visibility in cross-border settlement. The work will be conducted in close cooperation with the European Commission.

Eligibility criteria for CSDs in T2S

Criterion 1: CSDs in T2S are recognised under Article 10 of the Settlement Finality Directive or, in the case of a non-EEA jurisdiction, must operate under a legal and regulatory framework equivalent to the relevant parts of the *acquis communautaire*.

Criterion 2: CSDs in T2S have been positively assessed by the competent authorities against ESCB/CESR recommendations.

Criterion 3: Any CSD which wishes to join T2S must make each security/ISIN for which it is the issuer CSD (or technical issuer CSD) available to other CSDs in T2S upon request.

Criterion 4: A CSD in T2S commits to offer to other CSDs in T2S basic custody service on a non-discriminatory basis.

Criterion 5: A CSD in T2S commits towards other CSDs in T2S to carry out its Central Bank Money settlement in T2S if the currency is available in T2S.



Helmut Wackett, Head of the External Stakeholders Management Section of the T2S Division

³ <http://www.ecb.europa.eu/paym/t2s/progress/subcorpact/html/index.en.html>

⁴ <http://www.ecb.europa.eu/paym/t2s/progress/subeffic/html/index.en.html>



Guido Ravoet

INTERVIEW WITH GUIDO RAVOET, SECRETARY GENERAL OF THE EUROPEAN BANKING FEDERATION

Mr Ravoet, the EBF has been closely involved in the governance of the T2S project since the start. You were a member of the Nomination Committee, selecting the user representatives for the T2S Advisory Group, and the EBF has also been an observer in Advisory Group discussions. What is your assessment of the T2S project so far? Has the governance of the project worked well in your view?

The ECB can be commended for extensive market consultation and transparency to date. Governance has worked well so far. The Advisory Group model should continue to exist, as it is the only senior overarching committee that brings together the three key constituencies: central banks, depositories and the banks. This concept has allowed the banking industry in Europe to bring forward its best experts and extensive resources to contribute to T2S. The involvement of many bank representatives in the different technical groups, and now subgroups, has been a key element in ensuring the success of the governance process until now.

It should also be emphasised that very little recourse to voting has been made, despite the size (about 80 individuals) of the Advisory Group. On the contrary, this has enabled all stakeholders in the post-trade area to express, discuss and exchange their views. I would like to think that [understanding the differences in the post-trade area in the individual markets is the beginning of European harmonisation in this field](#). User involvement has played, and should therefore continue to play, a key role in ensuring the realisation of the key objective of T2S, which is to design T2S in such a way as to satisfy the expectations of the market. This will be important when taking the next steps during the development phase and, of course, for the operational phase of T2S.

Overall, the T2S project is an initiative the EBF continues to support generally. However, even though the ECB has announced some degree of delay to the project (which seems, in a positive sense, to be mostly due to the comprehensive consultation process), it continues to be more important to fully scope out, build and extensively test the system internally and externally than to launch it precisely on time (June 2013). The overall safety and soundness of the system is paramount at all times and should not be jeopardised for the sake of avoiding a delay for reputational reasons.

The project is now entering into a new phase of development, and we need to begin preparations for future T2S operations. Defining a proper governance structure will be one of the challenges for the near future. What do you think should be the main principles guiding the governance of T2S once it is in operation?



INSIGHT

The main principle guiding the governance of T2S once it is in operation should be to ensure the equal engagement of all three key constituencies (national central banks (NCBs), central securities depositories (CSDs) and users), i.e. by continuing with the existing structure. In the latest document, the ECB uses concentric circles as an appropriate image for pointing out the importance of different stakeholders to T2S. Since users/banks are at the outer rim of these circles, there is a danger that they will be kept out of important decision making.

The current proposal to establish a separate CSD Contact Group (CCG) is sub-optimal, as outlined in the EBF response to the ECB on 30 October 2009: establishing two groups (and one without users) at the same level under the Programme Board but with different allocations creates a great risk that the project planning and development will deviate and split up between the Central Securities Depositories' (CSDs) and users' interests.

Furthermore, the ECB now proposes to rename the CCG the "T2S Steering Group", which again reveals how users slip further down in importance and influence if there is one group that "steers" (without users) and one group that "advises". To avoid misinterpretations, the Contact Group should have a clear mandate agreed on by all and should allow users to be represented, at least as observers. The only way to ensure the true validity of the governance process is by having equal representation of all stakeholders in the Senior/Steering/Advisory Group.

How do you see the role of users in the future governance of T2S once it is operational? Is governance not then more a matter for the contracting parties, i.e. the Eurosystem and the CSDs? Will the current T2S Advisory Group still be needed once T2S is up and running?

Most, if not all, participating CSDs have some kind of advisory bodies, composed of users. While these forums are very important and fit for the purpose of dealing with issues between national CSDs and their user community, something similar is needed once T2S becomes operational to facilitate a true European picture. The T2S platform should not become a monopolistic organisation in terms of governance, but be a user/CSD-governed system. Once T2S is in operation, users, i.e. banks, need to be an integral part of the key decision-making bodies.

Furthermore, T2S will need to be continuously developed and improved over time. This needs to be done in close cooperation with all stakeholders and include a fair representation of users, who will use their subject matter expertise to contribute to the required changes to T2S from a market perspective. Indeed, clients of the banks will ask for improvements to products in the area of settlement. Such requirements from clients should be the driver for changes in the functionality of T2S. This cannot be left up to the operator of the platform and the parties that have sub-contracted this process.

INSIGHT

Although T2S/the ECB or the Eurosystem will enter into contractual arrangements with the CSDs for the outsourcing of their settlement transactions, it remains of crucial importance to maintain the right governance process. To benefit most from the evolution of T2S, all stakeholders (outsourcer, outsourcee and users) should work together to reach the ideal solution. Thus, the banks cannot be left on the fringes. They need to be directly involved in the decision-making process, the priorities of which T2S needs to focus on to enable the successful integration of core settlement activities in Europe.

If the T2S Advisory Group – or its successor body – continues to exist once T2S is in operation, how should it be structured, and what roles and responsibilities should be assigned to it?

The Advisory Group should continue to exist and should keep the role it has today: an advisory role to the Programme Board, and later on to the management of the T2S platform on strategic developments. The Advisory Group should continue to comprise all three key constituencies in equal balance: NCBs, CSDs and users, as this provides it with real credibility.

The ECB could consider a comparison with the European Payments Council (EPC) model, in which there is a coordination committee, which prepares the general meetings (the EPC plenary) where decisions are made. A similar structure needs to be put in place for T2S, whereby the voice of the users is not only heard, but also has decision-making power, as the settlement instructions are ultimately initiated by the banks.



Johannes Luef
President and CEO of VP
SECURITIES A/S

T2S CHALLENGES AND OPPORTUNITIES: THE VIEW OF A CENTRAL SECURITIES DEPOSITORY (CSD)

VP SECURITIES A/S (VP), previously Værdipapircentralen, the Danish CSD, provides core CSD and value-added services to issuers, investors and their intermediaries in the European capital markets.

In June 2009 the VP Board signed the Memorandum of Understanding (MoU) on TARGET2-Securities (T2S), reflecting our intention to contribute to further T2S preparations, as well as our intention to use T2S for settlement in euro and in Danish kroner with VP, and for settlement in euro with our Luxembourg-based CSD, VP LUX S.à r.l. (VP LUX).

From VP's perspective, [the major benefits of T2S are](#), firstly, its potential to offer [access to cheaper cross-border settlement and](#), secondly, [better market access](#) as a result of the link between local European capital markets. For example, it will improve the distribution channel to the Danish mortgage market and to VP's sophisticated solutions for issuers of bonds. As a market-driven CSD, we welcome the opportunities and challenges this will introduce to the current European market infrastructure.

However, like other signatories to the MoU, our final commitment to T2S will depend on regulatory approval, as well as clarification of the functional and technical scope of T2S, the T2S project plan, the T2S fee schedule and the future governance of T2S. In addition, our final commitment also depends on our ability to continue to meet our obligation to provide a number of unique functionalities to the Danish mortgage bond market (the second largest market for covered bonds in Europe at the end of 2008, with an outstanding volume of 160% of total Danish GDP).

[The biggest challenge we and our customers have faced so far in our decision to commit to T2S has been the assurance of a level playing field.](#) For a non-euro area country with a significant amount of euro-denominated bonds being settled, access to credit facilities, including with regard to night-time settlement and auto collateral in euro, is extremely important in terms of a level playing field. Furthermore, it is extremely important that investors have freedom of choice with regard to the place of safekeeping for their securities, and that there is clarity on the operational impact of T2S, e.g. regarding change management procedures and migration plans that may adequately support our dual-currency and dual-market settlement models, as well as our direct holding account model. In this respect, we have benefited from excellent cooperation with Danmarks Nationalbank and Banque Centrale de Luxembourg, as well as from open discussions with the T2S team concerning these challenges.

In addition to those challenges that are still under consideration, we currently regard the three main challenges as being the clarification of T2S prices, governance and account structure.

INSIGHT

Currently, clarification of T2S prices mainly depends on the clarification of three variables: the future clearing and settlement volume, the unit prices and the total T2S costs.

As regards future clearing and settlement volume projections, unfortunately, we do not have a crystal ball to help us estimate volumes in 2013 and beyond. However, we may contribute to the projections with our local market experience from the introduction of CCP clearing of securities in the Danish market in 2009. So far, this has led to a substantial (85%) reduction in the total number of transactions for clearing and settlement in the professional market segment.

As regards unit prices, the major concern in our local markets is the assurance of a level playing field in the future. We were therefore pleased that the Governing Council recently decided to opt for a “no volume discount” solution.

As regards the T2S cost and its impact on governance, it follows from the “full cost recovery principle” that all T2S costs (development and running costs) will be charged from CSDs. Therefore, of course, we have a strong interest in T2S governance and are confident that this will be adequately addressed in the future Framework Agreement between the Eurosystem and the CSDs.

As regards account structure, VP operates a direct holding account system, which is a basic and core feature of the Danish capital market infrastructure. When stating our intentions to participate in T2S in 2008 and 2009, VP also underlined that we expect to settle Danish kroner via omnibus accounts with T2S and keep the direct holding accounts on VP's existing platform. This architecture has been chosen to ensure that VP can meet its obligations toward the mortgage credit institutes and to support local players in handling the direct holding account structure. Most recently, however, this intention has been challenged by a suggestion to introduce an obligation to use T2S for all our securities settlements against central bank assets as an access criterion. Unfortunately, this has caused some uncertainty to the current T2S preparations in our markets. We are confidently looking forward to the New Year for a clarification of all these challenges.

As a relatively small CSD, T2S is beneficial, as it provides cheap and easy access for issuers and investors to settle cross-border trades in Europe. As a dual-currency and dual-market CSD, VP Securities faces additional challenges in its preparations for T2S. So, as with all parties in the T2S project, more hard but interesting work is in the pipeline.



BAYLE'S VIEW

THE FRAMEWORK AGREEMENT

One of the cornerstones of the T2S legal architecture – the Framework Agreement – will be put in place in the next few months. Given its significance, it will be a crucial challenge for all stakeholders to get it right.

The Framework Agreement will formalise and regulate the relationship between the Eurosystem and the central securities depositories (CSDs). It will cover not only the development phase, but also, and more importantly, the T2S operational phase. It will have the effect of binding the Eurosystem and the CSDs closely together, which is essential for both parties in order to plan future work and make the necessary investment.

The main part of the Agreement will detail the rights and obligations of the Eurosystem and the CSDs, but the Agreement will also include a number of annexes describing the key operational aspects of the Agreement in more detail.

While the Agreement is being negotiated, it will, of course, be very important to ensure that the interests of the users are also taken into account. Although they will not be signing the Framework Agreement, they are ultimately the ones who will use and pay for T2S services.

The most critical topics to be tackled are also likely to be the most challenging for the negotiation process. We will need to balance the sometimes conflicting or diverging interests of the various parties.

One of these critical topics is the platform's governance and, in particular, the rules and procedures for change management. There needs to be an agreement on how changes to the T2S platform will be proposed, analysed, approved and implemented, and, in particular, what the involvement of the euro and non-euro area central banks, CSDs and users will be in this process.

Other important issues are the nature of outsourcing and the CSDs' controlling rights, ensuring regulatory compliance, the various parties' obligations during the development, testing and operational phases, as well as the rules on liability and arbitration, and termination clauses.

We should also not forget the issue of pricing, which I discussed in the last issue of T2S OnLine.¹

Needless to say, T2S will offer extremely competitive settlement services, with a simple and transparent tariff list, which will provide CSDs with some assurance about what they will be charged in the first few years that T2S is in operation.

¹ http://www.ecb.europa.eu/paym/t2s/html/t2s_qr_02_view.en.html

BAYLE'S VIEW



As you can see, we have an interesting time ahead of us. The Agreement is to be prepared with the CSD Contact Group (CCG), composed of the CEOs of the CSDs that have signed the T2S Memorandum of Understanding, together with the T2S Programme Board. In addition, the CCG will be supported by two subgroups: the Project Managers' Subgroup (PMSG), for business and policy issues, and the Taskforce on Contractual Issues (TCI), which will be responsible for legal issues.

Our objective is to have the Framework Agreement ready in spring 2010. It will then be sent to securities regulators in order to receive confirmation that the CSDs which sign the Agreement will be complying with the relevant regulatory requirements. The Agreement would then be approved by the Governing Council in summer 2010.

Of course, given the short timeframe, some of the more technical annexes will not yet be in their final form, but will instead be at the level of "high level principles" or "general rules". To complete these annexes will require detailed technical investigations that will need to take place over the next few years, rather than months. This will be the case for the annexes to the Service Level Agreement and to the migration and testing strategies, for example.

We therefore need to strive towards an acceptable level of detail in the Framework Agreement, i.e. a level which provides sufficient reassurance to CSDs that important requirements will be met in good time, but, at the same time, one that can be delivered quickly enough for a legal agreement to be signed later this year. Postponing the signing of the Framework Agreement until all annexes are complete would not provide the legal certainty that is required for planning and making long-term investment.

The signing of the Framework Agreement will be a historic moment in the T2S programme. But it will not be as simple as a "big bang" approach, as might be assumed. Instead, it will be more of a gradual process, with the details filled in and agreed over time. We will keep you updated on further progress in the next issue of T2S OnLine.



Marc Bayle, T2S Programme Manager

INTRODUCING THE 4CB ORGANISATION

The 4CB was set up as a dedicated organisation for the T2S project. The internal governance of the 4CB for the management of the project is split between:

- the Project Steering Committee, which steers the project on strategic and policy aspects; and
- the Project Management Committee, which is in charge of the management of the project, as well as of all issues of a business nature and of minor political relevance.

The cross-border project team, which has more than 200 members, is structured in five main areas: functional, development, technical infrastructure, migration and, given the links between T2S and the collateral management systems within and outside the Eurosystem (e.g. CCBM2), a CCBM2 liaison area. Moreover, the Project Management Office, together with a management team, ensures strong coordination and control of the numerous work streams carried out by the 4CB.

Management team



Vincent Bonnier
Banque de France
T2S Project Manager and
National Project Manager



Lorenzo Giammó
Banca d'Italia
National Project Manager



Jesus Perez Bonilla
Banco de España
National Project Manager



Siegfried Vonderau
Deutsche Bundesbank
National Project
Manager

Functional team

The functional team's main responsibilities are twofold. First, it is responsible for the functional design of the T2S application. In this respect, the functional team prepares the functional documentation dedicated to the users (i.e. the General Functional Specifications, User Detailed Functional Specifications and User Handbooks), as well as that sent to the 4CB development teams for the development of the software. Second, the functional team will be responsible for the internal 4CB acceptance of the T2S application from a functional point of view. Indeed, the T2S application will be tested intensively by the 4CB before the software is delivered to the Eurosystem.

Development team

The development team is responsible for the design of the application, the technical specifications and the development of the software.

Infrastructure team

The infrastructure team is responsible for the technical design and implementation of the T2S infrastructure. Moreover, the infrastructure team will carry out non-functional tests in order to make sure the T2S application meets the expected service levels.

Migration team

The migration team's responsibilities are twofold. On the one hand, it defines and sets up the organisation of the 4CB for the operational phase (e.g. the operational tools, communication means and internal procedures). On the other, it provides support to the ECB's T2S team for the preparation of the Eurosystem's acceptance of T2S, user testing and migration to T2S.

Liaison with CCBM2

Given the links between T2S and other systems, in particular the collateral management systems within and outside the Eurosystem, such as CCBM2, a CCBM2 liaison area is in place. The CCBM2 liaison manager is the contact for the CCBM2 project team. He ensures that the two projects are progressing in a consistent manner.

Project Management Office

The Project Management Office is responsible for planning and budget monitoring, as well as for ensuring smooth and efficient coordination between the project teams. The security experts, who are responsible for the implementation of the T2S information security policy and security requirements, constitute a dedicated section of the Project Management Office.



Functional team



Development team



Infrastructure team



Migration team, Liaison with CCBM2 and Project Management Office

T2S IS OnLine FOR YOU

What is T2S OnLine?

T2S OnLine is a quarterly review that will provide you with first hand information about the T2S programme. It will give you project updates, insights into T2S and details on the current outlook, but one should not forget that behind any project there are people. Therefore, in each issue, T2S OnLine will take you closer to the people of the T2S team. We hope you will find T2S OnLine to be an enjoyable tool for obtaining up-to-date information about T2S.

Where can you find T2S OnLine?

T2S OnLine can, of course, be found online¹, with the option to print if you would still like to have a hard copy.

How can you use T2S OnLine?

The best way is to read it from top to bottom in order to absorb all of the information on T2S. However, T2S OnLine is designed to allow for a quick read – by simply hovering with the cursor, for example, relevant information will pop up automatically (visit the webpage¹ to see how this works). For those requiring more specialised information, the Insight section will offer two articles on subjects of particular interest.

How can you contribute?

As with the project itself, we would also welcome your views on T2S OnLine. If you have any comments or if you would like to propose a subject for the Insight section, we would be very happy to hear from you. You can contact us by e-mail at T2S-team@ecb.europa.eu



Elin Amundsen and Stefania Secola, T2S Programme Office

¹ <http://www.ecb.europa.eu/paym/t2s/html/index.en.html>

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Address
European Central Bank
Kaiserstrasse 29
60311 Frankfurt am Main, Germany

Postal Address
Postfach 16 03 19
60066 Frankfurt am Main, Germany

Website
<http://www.ecb.europa.eu>