**Summary**

1. **Introduction**

Emily Witt (Chair of the ECB Operations Managers Group) introduced the newcomers to the Group and presented the agenda of the meeting, which was then approved by the participants.

2. **T2/T2S issues including consolidation process**

Jean Clement (ECB) outlined the objectives, main features and roadmap of the T2/T2S consolidation project scheduled to go live in November 2022. Franki Thierens (BNP Paribas Fortis) gave a market perspective and presented T2/T2S consolidation in the wider context of implementing the ISO 20022 SWIFT standards across various banking services. He emphasised that a big bang approach adopted for the simultaneous migration to the new standards of T2 and Euro1 (the second largest high-value euro payment system) implies full readiness of market participants on the migration date. While the current decisions to move the migration date to 2022 helped to reduce related risks, the spread of COVID-19 makes the preparations for the move very challenging. With reference to BNP Paribas Fortis, its internal activities are steered at central level, ensuring an equally high level of readiness across many group's access points to TARGET2. The existence of numerous legacy systems in place that cover various business segments and are based on multiple standards are an important part of the complexity of the project. Andreas Erl (ECB) presented some insights on the incident that affected TARGET2 on 23rd October 2020. Andreas provided some details on the incident and its management, communication process during its occurrence, business impact of the TARGET2 unavailability and the actions taken following the incident. As a follow-up, the Eurosystem decided to conduct an external independent assessment of this incident (expected to be available in Q2 2021). The findings of the assessment will be public and the lessons learned will be taken into consideration in the future management of market infrastructures operated by the Eurosystem and the ongoing T2/T2S consolidation project.

OMG members expressed their concerns on the severity of the incident and on the communication process during its occurrence. They appreciated however the transparency of the Eurosystem and the steps taken following the incident, emphasising that the lessons learned should also be taken into account in the context of the T2/T2S consolidation project.
3. Current regulatory issues

Frank Caestecker and Jacques Van de Velde (KBC) presented a wide overview of the current regulatory issues, encompassing the implementation of new benchmarks for both derivatives and cash markets, i.a. EMIR reporting, Brexit and the Fundamental Review of the Trading Book (FRTB). They emphasised that the number and complexity of the ongoing regulatory changes absorbs a significant amount of market participants’ resources and requires a vast number of legal arrangements or contract adjustments. In the follow up discussion, OMG members focused on the FRTB and confirmed difficulties in finding a universal solution for the transition from EONIA to the €STR benchmark rate that could be applied across counterparties.

4. OMG input to the GFXC proposal on strengthening of the Code as concerns FX settlement risk

Janusz Ryzner (ECB OMG secretary) outlined the changes proposed by the Global Foreign Exchange Committee (GFXC) to the FX Global Code guidance on FX settlement risk and summarised the feedback received from the OMG members on the proposed revisions. The OMG members expressed their general support for the initiatives and measures that lead to the reduction of the settlement risk. However, they also noted a lack of options available for i) smaller, non-CLS participants and ii) for currencies that are not supported by CLS. The detailed ECB OMG feedback, together with the Foreign Exchange Contact Group views will be provided for the Global Foreign Exchange Committee (GFXC) consideration.

5. Tour-de-Table on the back-office experience under COVID-19

The OMG members went through the results of an OMG Mentimeter Survey dedicated to COVID-19 operational measures. The survey confirmed a continued reliance on remote or mixed work arrangements. This pattern was not seen to lead to higher operational security risk, thanks to strengthened monitoring and controls as well as increasing cybersecurity awareness among staff members. The survey revealed that COVID-19 accelerated structural changes in the existing IT infrastructures, including a widespread use of state-of-the-art communication tools and eliminating reliance on paper-based processing.

6. Work programme for 2021 and agenda for March 2021 OMG meeting

The secretary recalled to the OMG members the rules encompassing the participation in the Group and outlined the process of the annual review of the ECB contact groups membership. Based on the overview of attendance and contribution to the OMG work in 2019 and 2020, the members were reminded that in order to ensure a continuous membership of their institutions in the OMG, they should participate regularly and actively in the OMG meetings and nominate an alternate in case of exceptional absence.

The participants approved the OMG working plan for 2021.
7. Digital transformation at Clearstream

Sam Riley (Member of the Clearstream Holding AG Executive Board) and Tilman Fechter (Member of the Clearstream Banking AG Executive Board) gave a presentation on the long-term outlook for the digital transformation at Clearstream. They perceive the process of digitalisation of the securities industry as a need to connect already existing, steady and safe systems with new, agile and dynamic solutions. In Clearstream, this general view is embodied in a strategy for digital securities lifecycle, which envisages a coexistence and interplay of old and new elements in the whole cycle, with a gradual increase of the share of the components based on blockchain or distributed ledger technology (DLT). They highlighted the benefits of a fully digital issuance, and end-to-end digital workflow for custody flows, allowing securities to move faster and facilitating their global use as collateral independently of where they are held. An agile setup with cross-functional teams (under joint ownership of Products, IT and Operations), state-of-the-art development methodology and focused changed management are key for a successful implementation of this strategy. It is also reflected by fintech investments made by Deutsche Börse Group, which aim at i) complementing the Group’s ability to provide its products and services and ii) getting better access to the industry’s new technology trends and innovation.