



EUROPEAN CENTRAL BANK  
EUROSYSTEM

JOINT TWG-WGT2

25 May 2009  
WGT2/2009/111

## Summary of the May 2009 joint meeting of the TWG and WGT2

Held on Tuesday, 12 May 2009 – 14:00 to 17:00 C.E.T. at the premises of the Deutsche Bundesbank in Stuttgart.

### 1. Introduction

#### Outcome:

*Mr Alfons Vaes (WGT2 Chairperson) welcomed the joint group participants. The agenda was adopted by the joint group.*

### 2. Reporting

#### 2.1 TWG meeting

#### Outcome:

*On behalf of the TWG, Mr Roger Jones (TWG Chairperson) thanked the Deutsche Bundesbank for their hospitality.*

*Mr Jones made a summary of the issues raised and discussed by the TWG since the last joint meeting in March.*

#### **1. Outcome of first user consultation on changes for SSP release 2010 (v. 4.0)**

*In its meeting on 04 May the TWG discussed the aggregate outcome of the first user consultation on SSP release 4.0 (further details in agenda point 3.2.1)*

#### **2. “European Compensation Guidelines” and “Liquidity Management Guidelines”**

*In the afternoon of Monday, 04 May, a dedicated TWG task force reviewed the comments received a few of them coming from some individual Central Banks and the EBA. A reply will be prepared to respondents whose comments are not taken into account in the final version of the Guidelines.*

#### **3. TARGET2 – T2S interaction**

*The TWG Chair raised the issue of interaction with T2S and explained that whilst recognising that T2S was a separate project within the Eurosystem with its own Programme Board, nevertheless the TWG believed that there would inevitably be an impact on T2 cash in a number of areas. He emphasised that the TWG's concern and wish to be involved was restricted to the areas where T2S impacted T2. He highlighted three such areas but added that he expected more to emerge. These are:*

- **Liquidity management** both from the point of view of control of liquidity and the ability of a liquidity manager to have an overview of his institution's liquidity including the part related to securities trading.
- **Operating hours** taking into account the need for banks to be able to square their positions at the end of the day.
- **The intention of T2S to use ISO 20022 messages** whereas T2 still uses FIN messages for its core payment operations.

In connection with the latter, Mr Jones advised the joint meeting that the TWG had sought clarification from SWIFT and quoted the following extract from their reply.

*[Start of quote from SWIFT]*

*"The current status is that SWIFT Standards have identified the gaps between T2 and T2S and these gaps are being reviewed by the 4CB / Eurosystem and some future T2S users. After this review, formal change requests would be submitted and a maintenance working group would be convened to discuss them and this is where the T2 users would be involved.*

*There are a number of ways which the requirements of T2 and T2S could be met:*

- *T2S uses the T2 messages (i.e. no changes to the messages and where necessary workarounds are identified so they do not impact T2 subsets);*
- *T2 messages are adapted to include T2S requirements and both T2 and T2S use these messages; and*
- *T2 messages are adapted to include T2S requirements and are turned into real ISO 20022 messages and both T2 and T2S use these messages.*

*The only scenario we (SWIFT) absolutely want to avoid is to have different sets of messages for T2 and T2S for the same process and impacting many of the same end-points. Otherwise, we (SWIFT) remain neutral".*

*[End of quote from SWIFT]*

*The TWG Chair concluded his remarks by requesting that the TWG be consulted on areas where T2S was likely to impact T2, whether through the WGT2 or another forum.*

*Another aspect that was raised was cost sharing where T2S and T2 share the same IT and possibly other infrastructure.*

*In replying to the TWG Chair debriefing on T2-T2S interaction, Mr Vaes stated that the discussion on this interaction was at a very early stage and added that further considerations would need to be given on how it may be possible to involve the TWG. He also proposed to add a presentation on T2S at the September joint meeting.*

*To facilitate a more constructive / productive discussion in joint meetings, the WGT2 would like to ask the TWG to put on paper, in advance to joint meetings, the possible issues that the TWG would like to discuss with the WGT2. Likewise, the TWG is invited to write down the issues beyond large-value / TARGET2 so that the WGT2 addresses them to the appropriate Eurosystem group(s).*

#### **4. Back-up functionality**

*The work of a TWG task force chaired by Mr Gerd Luebke is progressing (an additional meeting took place in the morning of 12 May); however the complexity of the issue was highlighted. The following high-level issues were identified by the task force:*

- 1. Identification of pending payments*
- 2. Certainty to receive compensation*
- 3. Processing of back value payments- value date adjustment*
- 4. Reconciliation*
- 5. PSD issues (if any)*
- 6. ISO20022 implications*

*No time indication is given for the moment on the finalisation of the work. Thus the joint group did not see a realistic chance to have the issue included in SSP release 4.0 (November 2010); however the TWG noted that possible change in the documentation cannot be excluded.*

*The TWG will keep the WGT2 informed as progress on the issue is made*

## **2.2 WGT2 meeting**

### Outcome:

*Mr Vaes made a summary of the issues raised and discussed by the WGT2 since the last joint meeting in March. The WGT2 has worked extensively on the implementation of release 2.1, on the preparation for implementing the release 3.0, and with the user community on the definition of changes for the release 4.0. Significant developments took place also in the fields of a possible internet-based connection to TARGET2, on the T2-CCBM2 interaction and on general communication issues:*

- The WGT2 appreciates the contribution from TWG on the update of country and ancillary system profiles. This is covered in agenda item 6.*
- SSP release 2.1 and 3.0 are covered in agenda item 3.1.*
- The outcome of the first user consultation on release 4.0 is covered in agenda item 3.2. In particular, the WGT2 morning discussion (12 May) was devoted in full to this point.*
- The possible internet-based connection for small banks will not be subject to a consultation during the summer. While the organisation of this consultation will largely be left to individual NCBs, the WGT2 is currently working on “terms of reference” for the communication at the national level and on the pricing for the internet connection to T2.*
- A debriefing on the work around T2-CCBM2 interaction is included in agenda point 3.2.2.*
- The publication of regular statistics on TARGET is expected to resume in June this year. The attention of the TWG is drawn on the fact that the new framework may induce some discontinuity with previous statistics and will make the comparison of indicators before/after January 2009 delicate.*
- The WGT2 has finalised the TARGET Annual Report 2008 published on ECB website, on the T2 website and on the websites of the NCBs on Friday 15 May at 10 a.m. TWG members were invited to publicise this report among its national community.*
- Special thanks were given to Mr. Ludy Limburg for the article he provided for the T2 Newsletter (TARGET, a treasurer’s perspective). The Newsletter is expected for publication on the Eurosystem websites in the course of June.*

### **3. SSP new releases**

#### **3.1 2009 releases 2.1 and 3.0**

##### Outcome:

- *SSP release 2.1 went successfully live on Monday 11 May. A problem experienced by one ancillary system during the night-time phase was raised to the attention of the joint group. This situation, otherwise regarded as unproblematic, calls for allocating the necessary time for ancillary systems' preparation for the SSP release 3.0 (November 2009) in particular during the changeover weekend.*

*The user community was regularly updated on the testing activities for release 2.1 (four communications were posted on the T2 website and immediately announced to the TWG Secretariat). The same approach will be followed for the forthcoming releases.*

- *The UDFS books 1, 2 and 4 version 3.0 for SSP release 3.0 were published on 23 March. A test calendar and the test scenarios are expected to be made available to the user community in the course of May.*

#### **3.2 2010 system release 4.0**

##### **3.2.1 Outcome of first user consultation for changes in PAPSS**

##### Outcome:

*The first user consultation for changes in the SSP release 4.0 was launched on Tuesday, 24 March with deadline on Thursday, 28 April. The WGT2 gathered the responses collected by the national central banks on behalf of the national communities as well as those from the TWG. In its meeting on 04 May, the TWG had a chance to review the list.*

*In the May meeting, the WGT2 made a detailed one-by-one review of the proposals in view of identifying those that would deserve a fully fledged assessment by the system providers (3CB). In the selection, the feedback received from the TWG after their 04 May meeting was given due consideration.*

*Mr Sylvain Debeaumont (ECB) summarised to the joint group the changes that found WGT2 support. Information was also provided with regard to the changes that are already implemented (partly or in full), the changes not considered and, finally, the changes where further confirmation is needed.*

*Shortly after the May joint meeting, the ECB agreed to circulate the resulting list to the TWG. [Secretary's note: the list was sent to the TWG Secretariat on 05 June 2009].*

##### **3.2.2 Interaction between TARGET2 and CCBM2**

##### Outcome:

*The Eurosystem continues with the work around the T2-CCBM2 interaction intended as part of the SSP release 4.0 (November 2010). The WGT2 Chair informed the joint group that the impact of this interaction for the banks is expected to be very limited, with actually only one change to affect participants ("modify credit lines").*

## **4. Change and release management**

### Outcome:

*In the March meeting the joint group saw a need to have a discussion on the generic procedure of change management. The WGT2 has prepared a draft communication-document on the subject, which was shared with the TWG in view of their 04 May meeting. The communication-document is also expected as part of the first issue of the T2 Newsletter.*

*The TWG welcomed the communication-document on release management. Written TWG comments are expected to be sent to the ECB subsequently to the joint meeting. In particular, the TWG sees the need for a clear and agreeable timetable that allows for a reasonable consultation timeframe.*

*In view of the TWG, it is important to have a European forum that is recognised and has sufficient time to consult the NUGs on the proposed changes. The TWG wishes to embody this forum and to have an advisory role in the user consultations (in particular in the first one), brokering the responses among the various NUGs.*

*The TWG was of the view that the existence of a standardised template would facilitate the process of collecting the changes in forthcoming releases. The WGT2 agreed to this template.*

*On the consultation timeframe, an effort will be made in future releases to fine-tune this timeframe by e.g. launching the first user consultation earlier.*

*As a result of the above TWG views to be communicated to the ECB in writing, the publication of the T2 Newsletter on the Eurosystem websites will have to wait until TWG comments are adequately reflected.*

## **5. TWG issues log**

### Outcome:

*A revised version of the TWG issues log will be presented to the joint group in the next joint meeting scheduled in September. This revised version will take into account the discussions and developments on SSP 4.0 release (November 2010).*

## **6. Update of country profiles**

### Outcome:

*The WGT2 has worked on an updated version of the country and ancillary system profiles. These forms, which had been developed in the context of the migration to TARGET2, had to be adapted to the operational phase. The work has benefited from the input of the TWG.*

*Upon the request of TWG members, and to avoid possible misunderstanding with regard to PHA usage, the WGT2 agreed to add in the profiles the necessary clarification (in a footnote) making reference to the policy decision around the limited period in the use of PHAs for payment processing.*

*It is expected that Central Banks start using the new templates, based on information from their respective banking communities, by the end of July. From then on, the revised country and ancillary system profiles will be included on the T2 website.*

## 7. Any Other Business

### 7.1 Date and place of next joint meetings

#### Outcome:

*The next joint meeting is scheduled at the time of the September WGT2 meeting (8-9 September).*

*The TWG and the WGT2 Secretariats will define a tentative timetable for joint meetings in 2010.*

*At this stage, it seems advisable that at least two meetings are scheduled between early March and mid April 2010 to discuss the outcome of the first user consultation of the release 5.0, and a second one between mid September – mid October 2010 to discuss the outcome of the second user consultation, including the content prioritisation.*

### 7.2 Follow up items after the March 2009 meeting:

*An update of the follow up items after the March 2009 joint meeting is presented in the following:*

- *Discussion on the generic procedure of **change management** in the next joint meeting: TWG written comments are expected to be sent to the ECB. These comments will be adequately reflected in the final contents of the T2 Newsletter (see agenda point 4).*
- ***Back-up functionality:** Internal discussion at TWG level is ongoing (see TWG Chairperson's debriefing in agenda point 2.1).*
- *Individual central bank feedback on the **update of EBF Guidelines:** Feedback by individual central banks was provided to the TWG Secretariat by end of March (further details in TWG Chairperson's debriefing in agenda point 2.1).*
- ***Update on TARGET2 and CCBM2:** In the May joint meeting the WGT2 updated the TWG on the relevant developments around the interaction between TARGET2 and CCBM2 (see agenda point 3.2.2).*
- *Delivery to TWG of **aggregate outcome of the first user consultation for the SSP release 4.0:** The aggregate outcome was delivered to the TWG shortly before the 04 May TWG meeting in Brussels (see agenda point 3.2.1).*
- ***Joint meeting calendar for 2009:** The next joint meeting is scheduled in September 2009. The TWG and the WGT2 Secretariats will define a tentative timetable for joint meetings in 2010 (see agenda point 7.1)*

## 8. Follow up table

Task	Responsible	Deadline	Target body
<i>Back-up functionality: The TWG will keep the WGT2 informed as progress on the issue is made.</i>	TWG	-	September 2009 joint meeting

<i>A test calendar and the test scenarios for SSP release 3.0 (November 2009) are expected to be made available to the user community in the course of May.</i>	WGT2	In the course of May	User community
<i>Shortly after the May joint meeting, the ECB will circulate the resulting list of changes for SSP release 4.0 to the TWG. [Secretary's note: the list was sent to the TWG Secretariat on 05 June 2009]</i>	WGT2	-	Written communication to TWG Secretariat
<i>The TWG was of the view that the existence of a standardised template would facilitate the process of collecting the changes in forthcoming releases.</i>	WGT2	-	Update in forthcoming joint meetings
<i>TWG written comments are expected on the WGT2 document-communication on release management</i>	TWG	22 May	To be adequately reflected in the final version of the T2 Newsletter
<i>A revised version of the TWG issues log will be presented to the joint group in the next joint meeting scheduled in September.</i>	WGT2/TWG secretariats	-	September 2009 joint meeting
<i>The TWG and the WGT2 Secretariats will define a tentative timetable for joint meetings in 2010.</i>	WGT2/TWG secretariats	-	Update in forthcoming joint meetings