

T2S PROGRAMME OFFICE

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v1.1

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Summary

Teleconference of the Change Review Group (CRG)

29 July 2016, from 09:30 to 12:30

held at the European Central Bank, Frankfurt am Main

1. Introductory session

The Chairperson, Annemieke Bax, welcomed the participants. The Chairperson informed that the aim of the CRG teleconference was to discuss the detailed assessments of a second batch of Change Requests that are candidates for the T2S Release 1.3 and discuss the 2 Scope Defining Document (SDD) clarification notes. The planning elements of the Change Requests will be discussed separately by the Release Management Sub-group (RMSG) in a teleconference in the afternoon of 29 July 2016.

2. Analysis of Change Requests

Change Requests for T2S Release 1.3

The Chairperson indicated that the CRG recommendation of including the seven Change Requests (496, 534, 548, 549, 564, 565 and 576) in the T2S Release 1.3 can be confirmed following the 4CB confirmation that the Change Requests can be delivered to the interoperability test environment in two software packages on 27 January and 17 March 2017. These Change Requests were discussed during the CRG meeting on 6-7 July 2016.

The 4CB informed about the potential performance impact of the Change Requests T2S-0549-SYS (Statement of Transactions and Statement of Settled Intra-Position Movements reporting for Partially Settled transactions to be made SMPG compliant) and T2S-0564-SYS (T2S should also validate the counterparty's securities account in a unmatched settlement instruction) and the need of having a dedicated performance testing campaign to identify any potential performance impact. In case of performance impact, the 4CB will also provide mitigation measures that could potentially result in an increase of the Change Request cost. The CRG took note that the planning and approach of this

campaign will be provided around mid-August 2016 and no performance impact is expected for CR-564

It was clarified that the recommendation of the Change Request for approval should be separated from the planning and outcome of the dedicated performance testing campaign.

A CRG member pointed out that there is little time for testing the Change Requests T2S-0565-SYS (T2S should allow CSDs to remove links in instructions under CoSD) and T2S-0573-SYS (Reporting of actually impacted securities Sub-Balance Type in settlement confirmation and Intra-position movement confirmation messages) that are planned to be delivered as part of the second software package for the T2S Release 1.3 on 17 March 2017. The Chairperson explained that the planning elements should be discussed by the User Testing Sub-group (UTSG) and the Release Management Sub-group (RMSG).

The 4CB also informed that the updated Scope Defining Documents (SDD) as a result of Change Requests for the T2S Release 1.3 will be shared with the market participants for review on 23 January 2017.

Detailed assessment on Change Request T2S-0560-SYS (T2S query/reporting functionality must be enhanced to allow the retrieval of the settlement instructions impacted by insolvency and their related SF1 (accepted) /SF2 (matched) timestamps in an efficient and standard way)

The aim of the Change Request is to allow the retrieval of the settlement instructions and their related SF1 (accepted) /SF2 (matched) timestamps via a dedicated U2A query, which will only be available when the T2S Operator activates the system parameter “Insolvency Status” as soon as the T2S Operator has been made aware of the insolvency situation by a CSD/CB.

The Change Request has a project cost of € 265,718.71 and an annual maintenance cost of € 25,837.01.

A CRG member questioned if the T2S generated settlement instructions should not have an ‘accepted’ timestamp, as mentioned in the detailed assessment since according to the CR 600 an ‘accepted’ timestamp is also provided for T2S generated settlement instructions. The 4CB confirmed that the T2S generated settlement instructions has an ‘accepted’ timestamp and explained that the following statement “*T2S generated settlement instructions, no acceptance timestamp*” should be removed from the detailed assessment (to be in line with CR 600 as well).

It was confirmed that the new U2A screen cannot be used to query settlement instructions which are not approved (i.e. settlement instructions which are awaiting for approval, rejected or revoked, that can be queried via other screens).

The 4CB clarified that they will check whether they can anticipate draft wording of the new UHB section 2.2.2.21 Insolvency procedure Settlement Instructions – Search/List Screen and explained that the final screenshots of the new screens will only be available on 23 January 2017 when the documentation update for the T2S Release 1.3 will be delivered.

As the Change Request needs to be updated, the CRG recommended the approval of the updated Change Request and its inclusion in the T2S Release 1.3 in principle subject to the positive outcome of the CRG written procedure on the updated Change Request.

CRG decision: The CRG agreed to make some minor changes in the Change Request. The CRG recommended the approval of the updated Change Request and its inclusion in the T2S Release 1.3 in principle subject to the positive outcome of the CRG written procedure on the updated Change Request.

Action point:

- The 4CB will check if it is possible to
 - Already provide the missing attachment of the Change Request, which includes the draft wording of the new UHB section 2.2.2.21 Insolvency procedure Settlement Instructions – Search/List Screen.
 - remove the following statement in the summary of functional, development, infrastructure and migration impacts “For T2S generated settlement instructions, no acceptance timestamp”.

Detailed assessment on Change Request T2S-0573-SYS (Reporting of actually impacted securities Sub-Balance Type in settlement confirmation and Intra-position movement confirmation messages)

The aim of the Change Request is to report the actually impacted balances and positions used for settlement in sese.025 (settlement confirmation) messages, semt.015 (intra-position movement confirmation) and intra-balance movement confirmation message (camt.068) instead of reporting the ones originally instructed in sese.023 (settlement instruction), semt.013 (intra-position movement) and intra-balance movement instruction (camt.066).

The Change Request has a project cost of € 426,823.16 and an annual maintenance cost of € 45,431.26.

The 4CB clarified that the queries and reports will continue to display the positions and balances that were originally instructed in the instruction. The Change Request only covers the inclusion of the actually impacted balances and positions in the confirmation messages.

The 4CB agreed to make editorial updates on the Change Request suggested by a CRG member, by rephrasing the current wordings in the Change Request from "Actual type of sub-balance from which the securities are moved used for settlement" to "Actual type of balance used for settlement from which the securities are moved."

As the Change Request needs to be updated, the CRG recommended the approval of the updated Change Request and its inclusion in the T2S Release 1.3 in principle subject to the positive outcome of the CRG written procedure on the updated Change Request.

CRG decision: The CRG agreed to make some editorial changes in the Change Request. The CRG recommended the approval of the updated Change Request and its inclusion in the T2S Release 1.3 in principle subject to the positive outcome of the CRG written procedure on the updated Change Request.

Action point:

- The 4CB will update the Change Request to make editorial updates to the Change Request, by rephrasing the current wordings in the Change Request from "Actual type of sub-balance from which the securities are moved used for settlement" to "Actual type of balance used for settlement from which the securities are moved."

Detailed assessment on Change Request T2S-0595-SYS (Allow settlement restrictions and settlement instructions to impact positions other than the earmarked restriction type used at the securities account level)

The aim of the Change Request is to allow settlement restrictions to impact positions other than the earmarked restriction type used at the securities account level so that T2S should make no transformation of (i) securities settlement restrictions when either the 'Balance from' or 'Balance to' contains the restriction type used at the securities account level and (ii) settlement instructions with the same delivering and receiving account and the impacted balance (s) specifies the restriction type used at securities account level.

The Change Request has a project cost of € 117,903.03 and an annual maintenance cost of € 12,627.40.

The CRG agreed to recommend the Change Request for approval and its inclusion in T2S Release 1.3.

CRG decision: The CRG recommended the approval of the Change Request and its inclusion in the T2S Release 1.3.

Detailed assessment on Change Request T2S-0597-SYS (T2S should identify static data-related transmissions for Central Bank auto-collateral and client-collateral separately for billing process)

The aim of the Change Request is to allow differentiation between the auto-collateralisation service offered by central banks and the operations for maintaining the client-collateralisation offered by payment banks. This would allow accommodating future pricing policy changes for both services as they tend to be considered in parallel and distinctively. As the pricing of auto-collateralisation services in T2S is closely linked to the Eurosystem's policy on provision of auto-collateralisation services, the new functionality shall have the flexibility embedded to add or remove these operations to/from the T2S billing process.

The Change Request has a project cost of €94,919.65 and an annual maintenance cost of €7,667.60.

The CRG agreed to recommend the Change Request for approval and its inclusion in T2S Release 1.3.

CRG decision: The CRG recommended the approval of the Change Request and its inclusion in the T2S Release 1.3.

3. Analysis of SDD clarification notes related to fixes planned for future T2S releases

SDD-PBR-0005 (The Cancellation Securities Instruction Details screen should provide the right reason code – PBI 160224)

In the Cancellation Securities Instruction Details screen, there are scenarios where the fields ‘Reason Code’ and ‘Reason Code Description’ do not display the correct information.

The user expected to see correct reason codes and description texts in all the different cancellation scenarios.

The SDD clarification note SDD-PBR-0005 explains that the codes and description texts shall be updated to always display the correct information.

When a cancellation instruction is denied, the relevant Reason code must be informed together with its corresponding Reason Code Description

When a cancellation instruction is not denied, a Reason code will be informed only if there is a cancellation pending from Administering Party (CDAC) or if there is an awaiting confirmation for the cancellation instruction from the Counterparty (CONF).

When the execution status of the cancellation instruction is “executed”, no reason code must be displayed (value “empty”)

This change shall also be reflected in the UHB.

The updates proposed in the clarification note were approved by the CRG. In case of approval also by OMG, the 4CB will perform a feasibility assessment of the delivery of the fix for the production ticket PBI-160224.

After implementation of the changes, user will see in the Cancellation Securities Instruction Details screen the correct reason codes and description texts for all the different cancellation scenarios.

CRG decision: The updates proposed in the clarification note were approved by the CRG.

SDD-PBR-0006 (The technical issuer should be a mandatory field in a Security CSD link creation request – PBI 160507)

In the Security CSD Link Creation Request (reda.045) the field ‘Technical Issuer’ is optional. This creates an issue in case of creation of a Security CSD Link with type ‘Investor’, for which the information on the technical issuer is required.

In the current design of T2S, Security CSD Link creation requests for type 'Investor' which are missing information on the technical issuer will be accepted by T2S initially. Only later, a technical error message is sent to the CSD due to rejection of the request in the T2S backend.

The user expected to receive an immediate rejection on the incomplete request, including a correct description of the reason for the rejection.

The SDD clarification note SDD-PBR-0006 explains that an additional technical validation shall be added in T2S for reda.045.

- Business Rule identifier: IIMPXXX (XXX will be replaced with the exact number later)
- Description: if field 'Investor CSD' is present, then 'Technical Issuer CSD' must be included
- Error text: Technical issuer is mandatory for Investor Securities CSD Links

The 4CB informed that the same issue applies also to U2A (Security CSD Link - New Screen). The 4CB explained that they will prepare an update of the clarification note to apply the same changes to the U2A screen following the OMG request to do so at its meeting on 28-29 July 2016. The CRG noted that the changes described in the updated version of the clarification note now exceed the scope of the initial problem ticket, due to addition of the U2A part.

The changes now include updates on A2A and U2A validations for Security CSD Links of type 'Investor'. In case of approval also by OMG, the 4CB will perform a feasibility assessment of the delivery of the fix for the production ticket PBI-160507.

After implementation of the changes, CSD users will get an immediate rejection with a specific reason documented in the UDFS and UHB if they submit a Security CSD Link creation request of type 'Investor' which is missing information on the technical issuer CSD. This applies to U2A and A2A requests.

Currently, T2S initially accepts the request, followed by a technical error, which is not documented in the UDFS and UHB, triggered by the T2S backend module.

CRG decision: The CRG agreed to update the clarification note to include the U2A validations for Security CSD Links for type 'Investor' in line with the A2A validations. The CRG agreed to approve the updated version of the clarification note.

Action point: The 4CB will update the clarification note to also cover a UHB update in order to make the technical issuer field also mandatory in the Security CSD link creation screen, in case the Security CSD Link Type is 'Investor'.

4. Any other business

The CRG was informed that, following the proposal of Operations Managers Group (OMG), the CRG will be approached to recommend the inclusion of some problem tickets in the T2S Release 1.2 baseline at the beginning of August 2016.

The CRG was also informed about the delivery dates of the 4CB detailed assessment of the following Change Requests:

- 2 September 2016
 - T2S-0593-URD (Prevent acceptance (i.e. reaching SF1))
 - T2S-0617-SYS (Handling Liquidity Transfers with future value date)
- 7 September 2016
 - T2S-0626-SYS (Allow NCBs to obtain complete view of DCAs in the Cash acc. Bal U2A query)
 - T2S-0624-SYS (Remove possibility to amend CoSD Rule and CoSD Rule Set by setting the closing date to past business date)
 - T2S-0625-SYS (CoSD Rule - New/Edit Screen - Discrepancy within UHB and between UHB and GUI)
 - T2S-0627-SYS (Managing overlapping of Restriction Types for Security Accounts)

The next CRG meeting will take place in Madrid on 6 September 2016.