Item 5.3.1

T2S PROGRAMME
- STATUS AS AT MID-FEBRUARY 2017 -

1. Introduction

In this note the Directorate General Market Infrastructure and Payments provides the 'AMI-SeCo' with information on the current status of the T2S Programme.

The note starts with the achievements made. The high-level status of deliverables is indicated in a dashboard by programme work stream and deliverable stream. A high-level overview of the identified risks and issues is provided in table format.

Further explanations regarding the reading of this report are provided in the annex.

2. Major achievements

The below major achievements have been made since November 2016 when the last Advisory Group Meeting took place:

Since then a number of milestones/Synchronisation Points have been achieved and deliverables have been completed, as foreseen in the T2S Programme Plan. Furthermore, the successful work of the Release Management Subgroup (RMSG) in release scoping and planning deserves to be recalled. To be highlighted in this context is of course also the successful migration of wave4 (start of Operations on 03 February 2017):

Wave 4

- Synchronisation Point [SP11.4 - Start Business Day Testing (Wave 4) - *due on 27/12/2016*
- Synchronisation Point [SP12.4 - End of User Testing Execution Phase (Wave 4) *- due on 20/01/2017*
- Synchronisation Point [SP16.4 - Ready for T2S Migration (Wave 4) – *due on 03/02/2017*

Final Wave

- Start connectivity set-up and testing for DCPs (Final Wave) was achieved on 15/12/2016
- Start Migration Testing (Final Wave) was achieved on 27/12/2016
- Start Community Testing (Final Wave) was achieved on 13/02/2017

T2S releases

- Release 1.2 was deployed to Production environment on 25/11/2016
- Release 1.2.1 (including Production problems) was deployed to Production environment on 07/01/2017

Forthcoming:

- Release 1.2.2: Deployment to PROD is scheduled for 18/03/2017 *[first deployment in interoperability environment (Pre-PROD) on 28/01/2017].*
- Release 1.2.3: Deployment to PROD is scheduled for 08/04/2017 *[first deployment in interoperability environment (Pre-PROD) on 24/03/2017]*
- Release 1.3: Deployment to PROD is scheduled for 08/07/2017 *[first deployment in interoperability environment (Pre-PROD) on 16/01/2017].*
- The planning for Release 2.0 (to be implemented before the Danish Krona will be joining T2S) is well underway.

To be noted:

- Planning of Future Releases: The overall release planning proposal foresees one major release (in June) and one minor release (if needed, in November) and in between up to two bug fixes per year.

3. T2S Programme Status

3.1 Summary

PROGRAMME WORKSTREAM AND SUB-STREAM		STATUS	CHANGE	TREND	RISK	CHANGE
CLIENT READINESS	CLIENT READINESS FRAMEWORK	Y	↘	→	Y	→
	USER TRAINING	N/A	-	-	X	-
	USER TESTING	G	↗	→	Y	→
	CONTRACTUAL FRAMEWORK	N/A	-	-	X	-
PRODUCT READINESS	SPECIFICATION AND DOCUMENTATION	G	→	→	G	→
	SOFTWARE AND 4CB TESTING	G	→	→	X	-
	EUROSYSTEM ACCEPTANCE TEST	G	→	→	X	-
OPERATIONAL READINESS	PRODUCTION INFRASTRUCTURE	N/A	-	-	X	-
	NETWORK	N/A	-	-	X	-
	OPERATIONS	G	→	→	X	-
	MIGRATION	G	↗	→	Y	→
STP OF T2S RELEASES	SERVICE TRANSITION PLAN OF T2S RELEASES	Y	→	→	Y	→

For the work stream 'Client readiness framework' the high-level dashboard (WBS-view) shows a deterioration (from green to yellow), due to the recent announcement of a delay by Euroclear Finland. For the work stream 'User Testing' the UTSG reports meanwhile show a green status. The same applies to the work stream 'Migration' after the successful migration of wave 4.

As far as the Service Transition Plans for forthcoming releases are concerned, significant progress has been made in the newly created Release Management Sub-Group (see above). Planning for forthcoming Releases (R1.2.2, R1.2.3, R1.3, R2.0.) is well under way. In this context, it should be noted that the high number of (additional) T2S Releases creates challenges for the execution of the release activities already foreseen in the T2S operational plan (see project risk overview below).

3.2 Project Issues (Overview)

The following project issues have been identified:

ISSUE ID	ISSUE TITLE and DESCRIPTION	STATUS	OWNER	COMMENTS
T2S-008	**GUI Performance**: The users raised some complaints as regards the response time considered as unacceptably long in the user test environments.	In progress	4CB	Mitigation ongoing
T2S-020	**T2S performance differs from market expectations due to divergence from volumetric assumptions**: Significant improvements since the last AG meeting in November 2016. However, the performance is monitored on an ongoing bases and remedial action will be taken by 4CB whenever needed.	In progress	4CB	Mitigation ongoing

3.3 Project Risks (Overview)

The following project risks are currently logged in the T2S Risk and Issue Register:

RISK ID	RISK TITLE	STATUS	CRITICALITY	OWNER	COMMENTS
25	Delays in the start and/or completion of testing activities endanger the scheduled completion of User Testing stages	In progress	Y	UTSG	-
29	Delay in pre-migration activities	In progress	Y	MSG	-
30	Execution of the migration activities exceed the weekend time	In progress	Y	MSG	-
44	Users of a CSD may not be ready for T2S when the CSD wants to migrate to T2S	In progress	Y	ECB	-
64	The provision of final requirements/clarifications by the Regulator (following the CSDR) may impact T2S Planning (Releases, DKK migration)	In progress	Y	T2S Board	-
68	A high number of T2S releases may jeopardise activities foreseen in the T2S operational plan	New	Y	ECB	-
71	Testing the future Hot fix releases may prove difficult in case of overlap with on-going releases	New	Y	Eurosystem	-

Compared to the previous AG status report as at November 2016, the high number of releases has led to the creation of two new risks to take into account the fact that a high number of T2S releases may jeopardise activities foreseen in the T2S operational plan (Risk ID 68) and that the testing the future Hot fix releases may prove difficult in case of overlap with on-going releases (Risk ID 71).

3.4 Operational Risks (Overview)

The following operational risks are currently logged in the T2S Risk and Issue Register:

RISK ID	RISK TITLE	STATUS	CRITICALITY	OWNER	COMMENTS
52	Fraudulent asset transfer in T2S	Accepted	R	4CB	-
53	Confidentiality risk related to T2S information	Closed	X	4CB	-
56	Inability to meet T2S Service Level Agreement	In progress	R	4CB	-
59	Delay of the T2S Operational Day may lead to knock-on effects on T2/ financial markets in general	In progress	Y	ECB	-
60	Usage of some functionalities in T2S may compromise data integrity	Closed	X	4CB	-
61	T2S performance may differ from market expectations due to divergence from volumetric assumptions	Closed	X	4CB	-

Compared to the previous AG report as at November 2016, three Risks were closed: Risk ID 53 [Confidentiality risk related to T2S information], Risk ID 60 [Usage of some functionalities in T2S may compromise data integrity], and Risk ID 61 [T2S performance may differ from market expectations due to divergence from volumetric assumptions]. The latter is now treated as an issue, see above).

It should also be noted that the Risk ID 52 (which resulted from the T2S Pre-Production Security assessment performed in early 2015) is currently under review. In this context, the change in the threat landscape (cyber risks) will be taken into account, as well as the actions immediately taken in reaction to the SWIFT related incidents in early 2016 and the actions planned as follow up to the publication of the CPMI-IOSCO Guidance on cyber resilience for FMIs.

4.   Conclusion

With the successful migration of the wave 4 CSDs and CBs at the beginning of February 2017, TARGET2 Securities has achieved another important milestone. With migration wave 4 the volumes to be processed in TARGET2 Securities have increased significantly.

The focus of our activities is now on the preparations for a successful migration of the final wave, which is scheduled for the weekend 16/17 September 2017. Although Euroclear Finland announced a delay in their preparations and stepped out from the final wave, the TARGET2 Securities Programme can be considered as being on track.

Planning activities are now concentrating on the forthcoming releases and on the time after the end of the migration period, in particular on the Danish Krona joining TARGET2 Securities, which is scheduled for end October 2018.

The Market Infrastructure Board continues to closely monitor TARGET2 Securities' live operations. In case of problems, 4CB will immediately take the necessary measures to ensure smooth operations.

Annex

Reporting Structure

The structure of the T2S Programme is based on work streams. Within each work stream, a work breakdown structure groups the activities and deliverables. A deliverable stream within a programme work stream is a grouping of deliverables, i.e. it aggregates a set of related deliverables for reporting purposes.

Status and Risk

The T2S Programme status provides traffic light reporting for both status and risk. The status evaluates a deliverable based on time, quality and scope.

Colour	Description
Green	Deliverable is within the required scope and quality and is on time
Yellow	Deliverable will not have the required scope, will be delayed and/or not of the required quality if no corrective measures are taken
Red	Corrective measures have not delivered the expected effect or no corrective measures are possible. Deliverable will be delayed to achieve the required quality or scope if no extraordinary action taken. Potential impact on T2S go-live date.

The risk documents whether critical threats exist to a programme deliverable based on the criteria time, quality and scope. The existence of a risk does not affect the status of a deliverable unless it materialises.

Colour	Description
Green	Risks effectively managed.
Yellow	Threats, endangering activity or deliverable or risks are not managed effectively.
Red	Significant threats, endangering activity or deliverable, or risks are not managed. Potential delay on the T2S go-live date.