

Outcome of the Change Review Group (CRG) meeting 4 September 2018

1. Introductory session

Outcome

- The CRG chairperson welcomed the participants and introduced the new representative of Deutsche Bundesbank, Mr Tim Paulowitz. The chairperson took the opportunity to thank Ms Melanie Gulden-Jesse for her very substantial contribution to the work of the CRG as the representative of Deutsche Bundesbank.
- The ECB team informed of the impact of upcoming changes to the ECB website on the CRG pages, and that CRG meeting documentation would be shared via Brainloop going forward, as is already the case for the other technical groups within the T2S governance. The changes are the result of a coordinated and streamlined approach regarding documentation on the ECB website which will be applied throughout the whole ECB. The Scope Defining Documents, the list of the T2S CRs and the outcomes of the CRG meetings will remain on the ECB website. Some CRG members indicated that the CRG webpages were widely used as a public source of T2S information and that from this perspective, the removal of meeting documentation from the ECB website would make the dissemination of information less straightforward.
- The ECB team informed, that following the recommendations of the CRG, the CSG had authorised CR-677, and that a CSG written procedure was ongoing for the authorisation of CR-668 and updates to CR 676. Additionally, the ECB team informed that a dedicated AMI SeCo workshop on the future adoption of CR-653 (Partial release functionality) would take place on 27 September 2018.
- In addition, the ECB team provided an update on CR-444 (User authentication without USB-token/SmartCard for GUI-access). While a solution based on software tokens would not support non-repudiation of origin (NRO) as implemented in T2S, the 4CB identified that storing users' private keys safely in a tamper-proof Hardware Security Module (HSM) managed by the Network Service Provider would allow to meet the requirements laid out in CR-444. This solution would complement the current USB token based solution. Further work is ongoing to detail the technical solution as well as to determine the adequate governance path for such a change, considering in particular the interdependencies with the ongoing T2-T2S Consolidation project.

2. CRG action points list

Outcome

- The ECB team provided an update on the status of open CRG action points.

Follow-up action:

- CRG members to provide comments on the closure of action points to the ECB team [14 September 2018]

3. Analysis of change requests

3.1 Already ranked/authorised change requests

T2S-0384-SYS (A2A message to make securities ineligible for auto-collateralisation)

Outcome

CRG members took note that of the two implementation options identified in the CR to store the information that certain securities are ineligible for auto-collateralisation, the 4CB had determined that storing one eligibility list per NCB as per the current T2S design would be preferable.

In addition, the 4CB informed that it would identify and consider during the detailed assessment of CR-384 the most favourable option for the transmission of eligibility data from ECMS to T2S.

Follow-up action:

- ECB team to reflect in the CR tracking section the option chosen to store securities eligibility information [5 September 2018]

T2S-0520-SYS (Add new fields to T2S messages sese.020, sese.024 and sese.025 needed for CA processing)

Outcome

CRG members agreed with the view of Euroclear that CR-520 did not cover optimally the case of market claims instructed as already matched by a CSD. In such a case, T2S would be expected to report different references to each party to the market claim, rather than the same reference. Considering that CR-520 is already under implementation for T2S R3.0, CRG members agreed that this complementary requirement should be included in a new CR, so that CR-520 itself could be considered stable following the minor corrections agreed in the CRG written procedure completed on 22 August 2018.

This complementary CR will also be shared with the T2S Corporate Actions Subgroup (CASG) for their information and input.

Follow-up actions:

- ECB team to inform the relevant technical groups and the T2S Steering Level of the corrections to the CR agreed by the CRG until 22 August 2018, for confirmation of the inclusion of the amended CR-520 in T2S R3.0 [30 September 2018]
- 4CB to identify possible solutions addressing the requirement described by Euroclear for the handling of market claims instructed as already matched [7 September 2018]
- Euroclear to include the complementary requirement and the preferred solution in a new CR which will follow a fast-track procedure [14 September 2018]

T2S-0543-URD (Minimum amount for auto-collateralisation transactions)

Outcome

CRG members confirmed the need for the parameter "Minimum amount for auto-collateralisation transactions" introduced by CR-543 to be visible in the T2S GUI, and agreed to reconsider the proposed update of the detailed assessment when this is complete. Based on a proposal by Bundesbank, CRG members invited the 4CB to provide the CRG with a proposal for a solution to make this information visible in the T2S GUI, although not necessarily in the Party Details Screen, subject to relevant access rights.

Follow-up action:

- 4CB to identify possible solutions addressing the requirement for the parameter "Minimum amount for auto-collateralisation transactions" to be visible in the T2S GUI [14 September 2018]

T2S-0612-SYS (Alignment of T2S Messages with ISO Maintenance Releases 2013 - 2017)

Outcome

CRG members agreed to the updates of CR-612 presented during the meeting, in addition to those included in a CRG written procedure ended on 29 August 2018.

Follow-up action:

- ECB team to inform the relevant technical groups and the T2S Steering Level of the corrections to the CR agreed by the CRG, for confirmation of the inclusion of the amended CR-612 in T2S R3.0 [30 September 2018]

3.2 Candidates for preliminary assessment**T2S-0678-SYS (Financial Instrument Short Name FISN validations should be compliant with the latest ISO18774 standard)****Outcome**

CRG members took note of the withdrawal of CR-678 by its initiator Clearstream, and invited the 4CB to raise an editorial CR to align the T2S Scope Defining Documents (SDD) with the current behaviour of T2S, whereby no validation rules referencing the ISO18774 standard are applied.

Follow-up action:

- 4CB to raise an editorial CR removing the validation rules referring to ISO 18774, and references to ISO18774 from the T2S UDFS and URD [12 November 2018]

Background presentation on ECMS**Outcome**

CRG members took note of the background information about the ECMS project provided by the ECB team. The chairperson asked the ECB team to record the questions raised by CRG members and to provide answers in a Q&A format.

Follow-up actions:

- ECB team to provide the CRG with a Q&A on ECMS by 30 September 2018

T2S-0680-SYS (T2S should allow ECMS to receive flat file statement of holdings, transactions and pending instructions at the level of securities accounts)**Outcome**

Regarding the need of Eurosystem NCBs to receive reports from T2S in the context of their future operations in ECMS, some CRG members have a preference for an alternative functional and implementation solution based on segregation of NCBs' relevant accounts at party level while some CRG members reminded that, as agreed in the ECMS WG, the NCBs would need the preliminary assessment of CR-680 to get the whole picture for the analysis of different alternatives. Based on the above and taking into account also the 4CB preference to conduct the preliminary assessment on stable user requirements, the chairperson invited the NCBs to provide a clear preference via the ECMS WG between the two alternative requirements, i.e. account segregation at party level or reporting in flat file format on specific accounts only.

Should NCBs agree on the second requirement, some CRG members stated their preference for relevant accounts to be identified by a new Market Specific Attribute (identified as option 3 in the 4CB presentation on CR-680).

Follow-up actions:

- ECB team to interact with the NCBs of the ECMS WG in order to clarify their user requirement in the context of future NCB operations in the ECMS. The CRG Secretariat will report on the outcome of this interaction in the next CRG meeting or earlier.
- Subject to the outcome of the interaction with ECMS WG, 4CB to update CR-680 to reflect the preference of CRG members for option 3, and to mention that the CR does not cover legal documentation aspects possibly relevant to CSDs

T2S-0682-SYS (Transaction ages up to 15 days should be differentiated by the settlement optimisation process)**Outcome**

CRG members agreed to launch the preliminary assessment of CR-682, and invited the 4CB to indicate whether creating age buckets of more than one day would have a significant positive impact on the cost of the CR. CRG members also took note that due to pending clarifications by the regulators, the work of the CSDR Task Force could result in future updates of CR-654. In addition, the CSDR Task Force could raise a new CR for the calculation of penalties on non-T2S settlement flows. Updates to CR-654 and a new CR from the CSDR Task Force would have to be discussed in the next telco of the CRG, with a view to CSG approval by 10 October, considering (i) that 4CB will have to start the detailed (re)assessment on 01/10/2018; and (ii) the tight deadlines applicable to the CSDR penalty mechanism workstream.

In order to meet the tight timelines, the ECB team invited the CRG members to liaise with their counterparts in the CSDR TF in order to facilitate their assessment of the relevant CSDR penalty mechanism CRs.

Follow-up actions:

- In parallel to the work of the CSDR Task Force, the ECB team will share the draft updates of CR-654 with the CRG members for comments [6 September 2018]
- 4CB to provide the delivery date of the preliminary assessment of CR-682 [14 September 2018]
- CSDR TF will raise a new CR prior to the next CRG teleconference.

T2S-0684-SYS (Handling for outbound messages with amounts exceeding 15 digits)

Outcome

CRG members agreed to launch the preliminary assessment of CR-684.

Follow-up action:

- 4CB to provide the delivery date of the preliminary assessment of CR-684 [14 September 2018]

3.3 Editorial CRs

T2S-0683-URD (Multiplex Editorial Change Request on UDFS, UHB and URD)

Outcome

CRG members agreed to postpone the discussion of CR-683 as 4CB indicated they would provide a new version of the CR in the coming weeks. CRG members agreed to the updated wording of the SDD changes foreseen in the Clarification Note CRG-PBR-0007, which was shared as background documentation for this agenda item.

Follow-up action:

- 4CB to provide an updated version of CR-683 [30 September 2018]

4. CRG ranking exercise (full ranking)

Outcome

CRG members agreed on the list of CRs to be ranked in November 2018 and agreed with the timeline proposed by the ECB team for the collection of business values – by 2 November 2018.

Follow-up action:

- ECB team to distribute a spreadsheet including all CRs to be ranked for the collection of business values on CRs [5 September 2018]

5. Update on the T2-T2S Consolidation project

Outcome

CRG members took note of the background information about the T2-T2S Consolidation project provided by the ECB team, including the updated list of the relevant CRs to be raised in T2S potentially by Q1 2019. Currently it is foreseen to implement the CRs stemming from the T2-T2S Consolidation project in T2S with R5.0, but this needs to be reconfirmed by the 4CB within their detailed assessment. The

chairperson asked the ECB team to record the questions raised by CRG members and to provide answers in a Q&A format.

Follow-up action:

- ECB team to provide the CRG with a Q&A on T2-T2S consolidation by 30 September 2018

6. Any other business

OMG-PBR-0019 (4CB Clarification note to the OMG on PBI203176)

Outcome

CRG members identified the need for further information before the scope of a new CR, as suggested in the OMG clarification note, could be defined.

Follow-up actions:

- 4CB to provide an inventory of the attributes/fields where the Datatypes 'RestrictedFINXMax140Text' and 'RestrictedFINXMax35Text' are used in inbound T2S messages (sese.023, semt.013, camt.066) [14 September 2018]
- CRG members to analyse on the basis of the abovementioned list of attributes/fields whether they see a need to enhance the datatypes 'RestrictedFINXMax140Text' or 'RestrictedFINXMax35Text' [30 September 2018]
- Should a need to enhance these datatypes be identified, 4CB to include the enhancement in the next CR upgrading ISO messages

Handling of cancellation reasons further than CANT

Outcome

CRG members agreed with the proposal of Clearstream to extend the cancellation reason codes available in T2S

Follow-up action:

- Clearstream to liaise with Euroclear to include in the new CR to be raised to complement CR-520 (cf item 3.1) the requirement to make additional cancellation reason codes available for use in T2S [14 September 2018]

Cash Forecast on T2S Cash Holidays

Outcome

CRG members agreed with the proposal of Clearstream to amend the T2S Cash Forecast ahead of currency-specific cash holidays.

Follow-up action:

- Clearstream or Bundesbank to raise a new CR covering the requirements presented in the CRG [12 November 2018]

T2S and Harmonisation – Views of VP Securities

Outcome

CRG members took note of the views of VP Securities regarding the need to consider the wider international harmonisation standards when considering the evolution of T2S. The chairperson welcomed the proposal and agreed to share the presentation with the T2S Harmonisation Steering Group (HSG) which steers the harmonisation agenda of the AMI SeCo.

Follow-up action:

- ECB team to share the presentation provided by VP Securities with the HSG Secretariat.

Status update on the registration of Pillar III messages

Outcome

CRG members took note of the information provided by 4CB that:

- updated admi.xxx messages had been submitted to the ISO Registration Authority (RA) beginning of July;
- updates to the reda.xxx messages were nearly finalised and would be submitted to the ISO RA shortly;
- the next messages considered for registration would be colr.001, colr.002, camt.076, camt.077, reda.018, reda.019, reda.020, reda.021, reda.023, reda.032, reda.035, reda.036 and reda.037

Follow-up action:

- 4CB to provide an update on the registration status for the next CRG meeting

6.1 CRG meeting dates

Outcome

- The ECB team confirmed that a CRG teleconference would take place on 26 September 2018 from 10:00 to 12:00, focusing mostly on CSDR-related topics.
- The next meeting of the CRG is scheduled for 20 November 2018, to be confirmed at the latest 4 weeks in advance.
- The chairperson indicated that the Eurosystem was considering how to improve the efficiency of the T2S change and release management processes and in particular the interaction between PMG, RMSG and CRG. The outcome of this work will be shared with the T2S Steering Level soon and could have an impact on the meeting schedule for 2018 and 2019.

List of attendees

Participant's organisation

Name of participant

European Central Bank	Mr George Kalogeropoulos	Chairperson
European Central Bank	Mr Olivier Leveque	Secretary

Members

4CB	Mr Arno Friederich
4CB	Ms Mariana Shkurtova
Banca d'Italia	Mr Michele Zaccagnino
Banco de España	Mr Jose Peña
Bank of Greece	Mr Yorgos Korfiatis
Banque centrale du Luxembourg	Mr Alexandre Briand
Banque de France	Ms Rachel Mandeng
Danmarks Nationalbank	Mr Frederik Jorst
Deutsche Bundesbank	Mr Tim Paulowitz
Centrálny depozitár cenných papierov	Mr Juraj Aksamit
Clearstream	Mr Markus Glück
Euroclear	Mr Dan Toledano
Iberclear	Mr Julian San Jose
Monte Titoli	Mr Umberto Granata
OeKB	Mr Gilbert Dornhofer
Nasdaq CSD	Ms Jolanta Drublioniene
SIX Group	Mr Patrick Brandenberger

VP SECURITIES

Ms Susanne Hass

Observers

ABN AMRO Clearing

Mr Ton van Andel

BBVA

Mr Daniel Saeta

BNP Paribas Securities Services

Mr Giorgio Ferraro

Citi

Ms Cinthia Chong

Deutsche Bank AG

Ms Britta Woernle

Other participants

Deutsche Bundesbank	Ms Melanie Gulden-Jesse
European Central Bank	Mr Remy Al Sbinati
European Central Bank	Mr Carlos Corredera
European Central Bank	Mr Marek Kozok
European Central Bank	Mr Serge Mbenza
European Central Bank	Ms Anna-Maria Prodescu
European Central Bank	Mr Alejandro Sanchez Zornoza
European Central Bank	Mr Miguel Tahoces
4CB	Mr Dirk Beiermann
4CB	Mr Luis Garcia
4CB	Mr Victorien Goldscheider
4CB	Mr Michael Jennings
4CB	Ms Julia Lohle
4CB	Mr Gilles Mary
4CB	Mr Ruben Rubio
4CB	Ms Maria Vila
4CB	Ms Anke Wagner-Gluth