EUROPEAN CENTRAL BANK

EUROSYSTEM

T2S CHANGE REVIEW GROUP (CRG)

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Outcome

Ad-hoc CRG workshop on T2S Strategic Evolution

28 August 2024 from 14:00 to 17:00 CET (held remotely)

Click here to join the meeting

Meeting ID: 318 236 234 554
Passcode: HxxRxn

Or call in (audio only)

+49 69 50607598, 341767375#

1. Introductory remarks and approval of the agenda

Background documentation

- Meeting Agenda

Outcome

The CRG chairperson, Rémy Al Sbinati, welcomed the participants and introduced the meeting, held remotely via Microsoft Teams. The CRG members approved the agenda of the CRG Meeting on 28 August 2024.

2. T2S Strategic Evolution: Status Update

Background documentation

- T2S Strategic Evolution – Outcome of prioritisation – Status update

Outcome

The CRG was presented with a status update on the proposals transferred to the OMG, as well as those resulting in the raising of new CRs.

Regarding proposal 1.13, the CRG took note of the trial organised by 4CB to delay the optimisation process at the start of the first partial settlement window by 10 minutes, and that considering its positive results, the OMG agreed to extend this change to all partial settlement windows, subject to testing. The change will be implemented through a Minor Change. The 4CB clarified that it will be tracked via a PBI. The OMG should discuss how the implementation of the PBI will be reported.

3. T2S Strategic Evolution: Discussion on the highest ranked proposals

Background documentation

- Proposal 1.12: [SETT] RTS improvements: partial settlement – messaging

Outcome

Proposal 1.12: [SETT] RTS improvements: partial settlement – messaging

The CRG was presented with proposal 1.12: RTS improvements for partial settlement.

CRG members remarked that volumes impacted by this proposal seem to be low (~1000 transactions per day) and therefore the message saving benefits (i.e. the instruction would not be reported with a temporary failed status) did not appear to outweigh the costs of implementation.

Despite this, the CRG acknowledged that implementing this change could in certain cases allow transactions to settle in a given partial settlement window, as opposed to waiting until the next settlement window, which could benefit settlement efficiency.

One CRG member remarked that the potential benefits of continuous partial settlement versus partial settlement windows could have a much larger benefits for settlement efficiency and proposed to trigger such analysis in the CRG. The CRG agreed to open a new action point to follow-up on this topic.

Depending on the possible benefits on settlement efficiency, the 4CB shall raise a new CR and provide further information after the preliminary assessment.

Outcome
Proposal 1.15: [SETT] SoD improvements

The CRG was presented with proposal 1.15: SoD improvements.

The CRG remarked that the benefits of this proposal could be lower in the context of T+1 because part of the transactions that settle in T+1 are expected to arrive in T, i.e. a part of today's volumes will be processed in T2S before the SoD. The CRG remarked that further analysis is needed and requested estimates on the expected reduction of future dated instructions in T+1. The ECB agreed to take this analysis forward with the 4CB.

Despite the open point, it was acknowledged that a reduction in the number of business validations could benefit CPU processing at SoD.

The ECB will circulate an updated presentation aimed at clarifying the changes in the processing of incoming flows that would be introduced with proposal 1.15.

Depending on the expected benefits of this proposal in a T+1 environment, the 4CB shall raise a new CR and provide further information after the preliminary assessment.

Outcome
Proposal 1.17: [LCMM/SETT interface] Updates during RTS
The CRG was presented with proposal 1.17: Updates during RTS.

The CRG remarked that there is a risk of a potential loss of consistency in the information shared between SETT and LCMM, particularly in times of peak volumes; and consequently, a delay in sending the LCMM status update messages to users.

Given the medium/ high efforts to implement this proposal, the CRG requested more figures, especially regarding the estimated delay in receiving LCMM status update messages, e.g. whether it would be in the range of 0-1min or rather 3-10minutes.

Additionally, the CRG remarked the need to clarify the benefits for T2S users, e.g. increased performance?

On the basis of the expected performance benefits for T2S, the 4CB shall raise a new CR for this proposal and provide further information during the preliminary assessment.

Outcome

Proposal 1.14: [SETT] RTS improvements: optimisation process

The CRG was presented with proposal 1.14: RTS improvements: optimisation process.

A CRG member requested figures on the number of settlement fails due to the lack of cash submitted to the cash optimisation process in RTS. Additionally, the CRG asked whether 10 minutes would be enough for accruing the benefits of this proposal and the 4CB highlighted that the exact duration of the delay in the cash optimisation process should be further analysed during the detailed assessment.

The 4CB shall provide some figures on the number of instructions submitted to the cash optimisation process in RTS. Additionally, the 4CB shall raise a new CR for this proposal.

- Proposal 1.18: [LCMM/SETT interface] SoD revalidation of D+N instructions.
- Proposal 1.16: [LCMM/SETT interface] Internal messages.

4. Any other business

Background documentation

- Outcome of T2S Strategic Evolution Prioritisation – Eurosystem comments *(table document)*