



5 July 2017

SUMMARY OF THE 20th MEETING OF THE T2S DCP GROUP (DCPG)

*Held in Frankfurt at the European Central Bank, meeting room C2.01, Sonnemannstraße 20,
60314 Frankfurt am Main on the 13 June 2017*

0. Welcome and approval of the agenda

Mr. Topa (Chairperson) welcomed the participants who subsequently approved the agenda for the meeting.

1. Review and update of recent issues

1.1 DCP consolidated list

Mr. Topa informed the members of the DCPG that the DCP's consolidated list of DCP declarations had been reduced after a number of DCP were removed from the books of Banco de España, Euroclear Finland and Iberclear and that the list could be considered as complete.

1.2 CRG update

Mr Del Campo and Mr Weidner (ECB CRG) debriefed the DCPG members of the outcome of the CRG discussions in its meeting of 7 June 2017 and presented the status on the Change Requests. Mr Del Campo emphasised the CRG discussions on the baseline scope of T2S Release 2.0 currently including 3 CRs and on the detailed assessment of another 10 potential Change Requests (i.e. 4 CRs for approval and 6 CRs require further discussions in the CRG teleconference of 23 June 2017). The update of specification documents (UDFS, UHF and GFS) for the CRs in the T2S Release 2.0 is foreseen in January 2018. T2S Release 2.0 will be deployed in June 2018.

Mr Weidner also informed the DCPG members on the T2S Release 3.0 (R3.0) for deployment in June 2019. Release 3.0 will have some mandatory CRs required for being compliant with the CSDR (such as penalty mechanism) and a CR to upgrade the T2S messages to the ISO Maintenance Release 2017. As for the non-mandatory CRs, the prioritisation started in June 2017, for which the CRG will ask the DCPG for feedback on some CRs relevant for DCPs in a consultation. The first consultation including three CRs (CR652, CR658 and CR659) for R3.0 was sent out on 14 June 2017 with a deadline of 23 June 2017. A

second consultation will be launched in July 2017. The DCPG members agreed that CRs relevant for DCPs should be sent for consultation to the DCPG.

1.3 Task Force on improvements to the T2S GUI update

Mr Del Campo (ECB) debriefed the members of the DCPG that the PMG Task Force meeting planned for June 2017 was finally postponed until after summer. The meeting will focus on i) 4CB proposals on GUI enhancements, ii) inefficient end-to-end GUI workflows, and iii) considering the ten minute logout period being is too short, while the CSDs suggest to extend it subject to the positive feedback from the security experts (PMG Information Security Sub-group).

2. Information from other T2S groups, CBs and CSDs

The DCPG members are invited to take note of the information provided in this section, originating from other T2S groups, CBs and CSDs activities on items that are also relevant for the DCPs.

2.1 Information from the Harmonisation Steering Group

The DCPG members were debriefed by Mr Al Sbinati that a new version of the Catalogue of restriction rules (v1.1) will be proposed for publication to the Ami-SeCo. This version contains a sanity check after the implementation of the T2S CRs and functionalities regarding insolvency procedures, which allowed to get rid of the related restriction rules for some CSDs. In addition, a new version of the methodology to be applied to the upcoming versions of the catalogue, i.e. as from version v1.2, will be proposed for approval of the Ami-SeCo. Regarding the usage of LEI and client of the CSD participant market practice, the Ami-SeCo will be provided with a proposed way forward after the recommendations of SGMS and SMPG not to go for a solution involving ISO CR. Finally, Mr Al Sbinati further informed that XMAP was working on a proposed enrichment of the indicators to measure cross-CSD activity in T2S. A report will be provided in the autumn.

Mr Topa informed the DCPG members on the continuing work of the HSG (outcome of the HSG meeting will be sent to the DCPG members once it is made available). He further informed that the Mid-Year Update to the Harmonisation Progress Report would be published soon (the last full report is dated 15 January 2017) and that there will be a report of the Task Force under the HSG on the use of innovative solutions such as Distributed Ledger Technology (DLT).

2.2 Information from Central banks

The Central Bank representatives had no comments to share with the DCPG members.

2.3 Information from CSDs

CSDs representative will share with the DCPG members' information about relevant recent developments.

2.3.1 DCP Set-up options

Mr Topa informed the DCPG members that the topic of the DCP set-up options concerning the difference between DCP/ICP and the operated/intermediated securities accounts was discussed between the ECB and Iberclear until a compromise was reached whereas all commercial banks listed in the DCP List of

declared DCPs would need to follow the DCP T2S certification testing procedure outlined in the T2S Framework Agreement schedule 3. In this context a new item was agreed to be added to the DCPG Open Issues Register – see below under agenda item 4.

3. Information from DCPs

The DCPG members are invited to take note of the information provided in this section, originating from other DCPs activities on items that are also relevant for all DCPs.

3.1 Recent DCP consultations

Mr Topa presented the question raised by BNP Paribas in the consultation to the DCPG concerning LuxCSD arranging payments between the RTGS cash accounts and DCA and vice-versa instead of using Payment free of Delivery (PFOD) instructions. The deadline for the consultation was the 12 June and only one DCP commented on the issue. Mr Topa then gave the floor to Ms Amend from Clearstream Frankfurt, who informed the DCPG members that LuxCSD is currently using commercial bank money to arrange these payments, but LuxCSD is planning to change its procedures for 2018. Ms Amend also asked BNP Paribas to provide them with further information on the issue and Clearstream could discuss the topic directly with BNP Paribas. As BNP Paribas was not in the meeting, Ms Foode (Banque de France - BdF) mentioned that BNP Paribas had indicated that this practice was an issue for them and furthermore it did not meet harmonisation standards.

4. Open Issues Register

Based on the discussions on agenda item 2.3.1 DCP Set-up options, the DCPG members agreed to open a new “A” item in the DCPG Open Issue Register as follows: A.13 - *Definition of the T2S re-certification process for DCPs should there be a need to re-certify T2S Actors in T2S due to future releases or Change Requests*. With this open issue the DCPG should find the clarity to have common and long term solution should there be need to proceed with a T2S re-certification process.

Mr Topa informed the DCPG members that being so close to the migration of the Final Wave there are open issues only in the “B” category and that some category “B” of the open issues are completed and can be closed, such as:

- B.3 Restriction rules and MSAs
- B.8 Timing for the opening of new accounts – Ask Final Wave CSDs with they have communicated this information to their communities.

The open issues that remain open are the following:

- A.13 (new, as per item 2.3.1 above) - Definition of the T2S re-certification process for DCPs
- B.1 Settlement finality and Insolvency Procedures
- B.2 Settlement Discipline
- B.5 Portfolio transfers
- B.11 Publication of pricing
- B.14 Bulk-release functionality for pending auto-collateralisation instructions

The register will be updated and published on the ECB website.

5. Miscellaneous

5.1 Any Other Business

Members of the DCPG were invited to raise any other issues during the meeting, but no other topics were discussed.

5.2 Future DCPG meetings (suggested dates with CSG)

Mr Topa mentioned that the next DCPG meeting would be held after the CSG meeting in October 2017 as the AMI-SeCo meeting was next month, July 2017. Mr Benito (CSG Chairman) mentioned that due to Mr Bayle availability the next CSG meeting would probably be in Frankfurt during the week 2 to 5 October 2017. The final date is still to be confirmed.

- 10 October (CSG - Madrid) - Mr Benito suggested the possibility of bringing forward the CSG meeting in October from the 10th to the 2nd to 5th. However, this change was not possible and the CSG meeting will be held in Madrid on 10 October 2017. As usual the DCPG meeting will be held after the conclusion on the CSG meeting, if the timing allows. The DCPG members will be informed in due course.
- 22-23 November (CSG – ECB Frankfurt)