

OUTCOME OF THE SECOND SGTM MEETING HELD ON 7 JANUARY 2009

1. Introduction and approval of the agenda

The Chairperson welcomed meeting participants. The agenda of the meeting was approved.

2. Approval of the summary of the previous meeting

Summary of the discussion:

The members of the sub-group approved the outcome of the previous meeting subject to minor drafting changes, as well as the following amendments:

- Migration by asset classes seems not to be a realistic option. The migration strategy document shall provide sufficient analysis allowing to close this issue.
- Refer to “CSD communities” instead of “markets”
- Terms “market infrastructure” and “CSD community” should be defined in a glossary.
- Contingency scenarios have to be tested. The contingency scenarios will be part of the over all testing scenarios.

Follow up:

Who?	What?	Due date?
The Rapporteur	Input comments to the outcome of the previous meeting. Distribute the final outcome document to the members of the sub-group and publish it on the SGTM web site;	21 January 2009
T2S Project Team	Further elaboration of the migration by asset classes option in the testing strategy document;	3 February 2009

3. Organisation of the work of the sub-group

3.1 Scope and responsibilities of the sub-group

Summary of the discussion:

The SGTM members broadly accepted the scope and responsibilities of the sub-group. The discussion concentrated around the definition of the acceptance procedure as well as roles and responsibilities of the ECB and individual CSDs during each of the testing phases. The meeting participants agreed that this issue has to be further analysed and presented in detail in the testing strategy document.

The 4CB participants informed that at the moment a pilot testing of the T2S system (involving a few CSDs in the internal 4CB testing process) was not foreseen.

The CSD participants confirmed their readiness to support the ECB with the preparation of testing scenarios and individual test cases for the Eurosystem acceptance tests, most of which will afterwards be recycled for the user testing phase.

The sub-group agreed upon:

- CSD experts have agreed to assist the ECB in acceptance tests preparation. The involvement of the individual CSDs will be on the voluntary basis, without constituting any kind of commitment from their side.
- CSD experts will have the opportunity observe the ECB acceptance testing.
- CSDs should not bear any legal or other kind of liabilities being involved in the ECB acceptance testing preparation and/or execution.
- Separate testing and migration profiles have to be identified for the national central banks playing double or triple roles of CSD, NCB and TARGET2 system co-owner; i.e. the development of various test simulators (e.g. a CSD simulator).
- The acceptance procedure has to be described in sufficient detail in the testing strategy document.

Follow up:

Who?	What?	Due date?
All	Comment the <u>09.04.01 2008 001513 Objectives and scope of the activities of the SGTM</u> document version 5;	14 January 2009

3.2 Planning of the work of the sub-group

Summary of the discussion:

The SGTM members broadly accepted the planning of the work for the sub-group for the year 2009.

Follow up:

Who?	What?	Due date?
All	Comment the <u>09.04.01 2008 001514 Deliverables of the SGTM</u> document version 4;	13 January 2009 12:00

4. Testing

4.1 Testing procedures

Summary of the discussion:

The 4CB colleagues presented the 4CB general approach to the T2S testing and change/release management.

The sub-group agreed upon:

- A need has been identified for a central tool supporting the management of test results as well as tracing actions undertaken to resolve problems.
- In principle, new functionality should not be introduced during the migration process.
- Number of regression tests to be performed by the CSDs after a new release is delivered should be limited. The release letter published by the 4CB should contain a list of recommended regression tests.

Follow up:

Who?	What?	Due date?
NBB SSU ¹	Presentation of the JIRA - bug tracking and issue tracking software;	3 February 2009

4.2 Testing strategy

Summary of the discussion:

The Chairman acquainted meeting participants with the outline of the testing strategy presented in the T2S testing strategy document. The participants have been asked to raise any issues of substance that should additionally be covered in the document.

¹ National Bank of Belgium Securities Settlement Unit

Follow up:

Who?	What?	Due date?
All	Provide input for the testing strategy. Comment the outline <u>09.04.01 2008 003513 T2S testing strategy</u> document version 9;	14 January 2009

5. Migration

5.1 Migration by CSD

Summary of the discussion:

This item has been postponed to the next meeting.

Follow up:

Who?	What?	Due date?
Citigroup	Present a preliminary investigation of the potential business impacts of a migration by CSD or group of CSDs.	3 February 2009

5.2 Criteria for the composition of the migration waves

Summary of the discussion:

The 4CB colleagues presented a proposal of the criteria for the composition of the migration waves.

The sub-group agreed upon:

- Limited duration of the migration period to reduce the need for keeping CSD systems in operation and reaching a “critical mass” of volume as fast as possible.
- Mitigate the migration risk by limiting first migration window to the mono-currency operations only.
- After the first migration wave there should be no restrictions on the number of migrating currencies.
- Foresee a longer time period between first and second migration waves.
- Mitigate the migration risk by including only small volume CSDs in the first migration wave. It was proposed that CSDs that are part of the national central banks² may migrate first as a special migration window “0”. However, the functionality used by those CSDs has to cover to the highest possible extent (ideally 80% or above) the overall functionality of the T2S system.
- The scope of the T2S functionality to be covered by the CSDs migrating in the wave “0” has to be elaborated. The CSDs covering the majority of the listed functionality and processing relatively small volumes will be eligible for migration in the migration wave “0”.

² There are two national central banks in euro area playing a CSD role the National Bank of Belgium and the National Bank of Greece;

- The participants representing CSDs have expressed their preference for a flexible migration approach without fixed and pre-defined long time in advance migration dates. The 4CB representatives emphasised that such an approach would most likely be more expensive, would significantly increase testing activities and would bring additional risk to the project.
- Clarify how long in advance a CSD will have to commit for a migration date.
- Investigate the impact that migrated CSDs might have on the non-migrated ones.
- Clarify whether reverse migration (opt-out) would be possible.

Who?	What?	Due date?
All	Investigate on the scope of the functionality which needs to be covered by the CSDs migrating in window "0".	TBD

5.3 Legal requirements

Summary of the discussion:

The Clearstream representative acquainted meeting participants with the proposal for the outline of a service level agreement and statement of work.

Follow up:

Who?	What?	Due date?
Clearstream representative	Clarify the meaning of the "Test concept for third party software" in the Clearstream's proposal for the statement of work.	3 February 2009

5.4 Migration strategy

Summary of the discussion:

The Chairman acquainted meeting participants with the outline of the migration strategy presented in the T2S migration strategy document. The participants have been asked to raise any issues of substance that should additionally be covered in the document.

Follow up:

Who?	What?	Due date?
All	Provide input for the migration strategy. Comment on the outline 09.04.01 2008 003514 T2S migration strategy document version 8;	14 January 2009

6. Any other business

The sub-group agreed upon:

- Each document delivered to the sub-group members should have a version number quoted in the header to avoid possible confusion.

- The third SGTM meeting was rescheduled for 3 February 2009. The meeting will be held at the NBB³ in Brussels.
- The date for the fourth SGTM meeting was kept on 5 March 2009 at the ECB in Frankfurt.
- The fifth SGTM meeting was scheduled on 15 April 2009.
- The sixth SGTM meeting was scheduled on 13 May 2009.

³ National Bank of Belgium