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Outcome

Meeting of the T2S Change Review Group (CRG)

6 July 2022, from 09:30 to 13:00 CET (held remotely)

1. Introductory remarks and approval of the agenda

Outcome

Due to the absence of the CRG chairperson (Karen Birkel) during the first two agenda points, her deputy Ioana Alexopoulou, welcomed the participants and introduced the meeting, held remotely due to COVID-19 precautionary measures.

The CRG members approved the agenda of the meeting.

The CRG members took note that as a follow-up of the last CRG meeting on 30 May 2022:

- *Following CR have been approved by the T2S Steering level:*
 - *T2S-0756-SYS 'If an instruction is cancelled, then T2S should no longer consider it to be part of a Pool' and allocated to R2023.NOV*
 - *T2S-0766-SYS 'T2S Settlement Optimisation Analysis'. The first report to be delivered on January 2023.*
 - *T2S-0779-SYS 'Optimise processing of CORP transactions during Real Time Settlement: grouping in collections and modified sorting method' and allocated to R2023.JUN*
 - *T2S-0785-SYS Multiplex Editorial Change Request (for R6.2) and allocated to R6.2*

- *T2S-0638-SYS 'T2S should allow and process already matched instructions which include the counterparty's securities sub-position to be used for settlement purposes', it is under PMG assessment and will be shortly recommended to be included in R2023.JUN (Package 4).*

- *Following SDD clarification notes were approved:*
 - *SDD-PBR-0083 on PBI-221694 ESMIG Business Rules v1.0" on 2 June 2022.*
 - *SDD-PBR-0084 on PBI-221434 Calculation of Penalties on SIs with Reason CYCL" on 7 June 2022.*
 - *SDD-PBR-0085 on PBI-221444 - Message Subscription Limits v1.0 " on 21 June 2022.*

- *A written procedure was launched to review and assess the cross-service impact clarification note on ECMS CR-39 'Upgrade of Billing Report message (camt.077)'. As a summary, both BILL (outbound camt.077) and ECMS (inbound camt.077) will use the draft7 version of the camt.077 message, with different customisations due to different use cases. The customisations applied to the BILL camt.077 will, to a very large extent, be*

identical between the draft6 version (applicable from R6.0) and the draft7 version (applicable from R2023.JUN). The CRG members took note that, in the absence of objections, the written procedure would be closed and it would be concluded that that from CRG perspective, the identified impact of ECMS CR-0039 and the envisaged timeframe were acceptable.

The CRG members took note that on the Recovery CRs, the CSG did not finally approve them on its 22 June meeting and it was expected that the final decision is taken on its CSG Meeting on 7 September 2022. It was also acknowledged that a new change request was expected to be raised by 4CB in the short term to cover the cost of the test environment for the recovery solution.

The CRG members took note that the two CRs to address the new ISO10962:2021 standard and cover the new CFI codes would be provided most likely for the next CRG meeting on 29 August 2022.

The CRG members took note that as an update from the PMG, T2S release 6.0 was successfully deployed in T2S Production environment on 2 July 2022 with only 2 h 15 min of delay compared to the playbook. The first business days have run with some performance issues but deemed as not critical. It was also acknowledged that CR-706 "Billing common component" had been deployed but the invoices would not be sent by the Billing common component until a later stage. This activation timeline would be discussed with 4CB in an OMG meeting on 15 July 2022.

2. Outcome of previous meetings

Background documentation

- Outcome of the CRG meeting on 30 May 2022

Outcome

The CRG members took note that after having closed the written procedure to review the outcome of the CRG meeting on 30 May 2022, some additional wording updates were provided by the OMG. This was related to the fact that the OMG would have to be informed by the CRG secretariat once the two change requests connected to the new ISO10962:2021 were raised so that they could perform an operational assessment due to the existing ISINs that would have to be phased out.

The CRG members approved the outcome of the CRG meeting on 30 May 2022.

Follow-up actions:

- *ECB to publish the outcome form the May CRG meeting on 30 May 2022. [10 August 2022]*

3. Analysis of change requests

3.1 Change requests under implementation

Background documentation

None.

3.2 Change requests already authorised at T2S Steering Level (not yet under implementation)

Background documentation

- T2S-0783-URD 'RTS optimisation process improvement dedicated to high volume corporate actions'
- T2S-0783-URD 4CB detailed assessment
- Summary of DAs CR-0783
- T2S-0769-BFD 'Add MS Edge to the list of supported browsers for U2A interaction' – oral update
- T2S-0720-URD 'Optional inbound liquidity transfer in case of negative NCB account balance at liquidity cut-off' – oral update

Outcome

T2S-0783-URD 'RTS optimisation process improvement dedicated to high volume corporate actions'

The CRG took note of the results of the detailed assessment of CR-0783.

The CRG acknowledged that the threshold of transactions that identifies a new Corporate Action event and triggers the deferred optimisation process would only be set-up during the implementation phase. Considering that the value of this parameter could have an impact in the settlement performance, the CRG agreed that once this value is identified by 4CB, it would have to be approved by both the CRG and the OMG.

The CRG took also note that although on 31 March 2022 the PMG requested CR-0783 to be detailed assessed in view of R2023.JUN, the 4CB had deemed it only feasible for R2023.NOV. Considering that there would be a gap of two months between the migration of Euroclear Finland and the implementation of CR-0783, the 4CB informed that in the unlikely case that there was the need to perform a Corporate Action event during this gap time, there could be some breaches in the SLA but no major issues were expected in T2S. In any case a LLI could be performed to remedy the issue. The CRG agreed to highlight this issue to the OMG so that they could include this element in the corresponding operational risk assessment.

The CRG agreed to recommend to the PMG the implementation of CR-0783 within R2023.NOV.

Follow-up actions:

- *4CB to provide the value of the threshold of transactions during the implementation phase of CR-0783 [30 January 2023]*
- *ECB team to contact the OMG Secretariat so that they can consider in the operational assessment the fact that the implementation of CR-0783 would only be performed in November 2023, two months after the migration of EFi to T2S.*

Outcome

T2S-0769-BFD 'Add MS Edge to the list of supported browsers for U2A interaction' – oral update

The CRG took note that 4CB announced that a new detailed assessment was about to be delivered with an updated cost. It was acknowledged that this cost would be likely reduced approximately by 50% compared to the one provided within the previous detailed assessment, in accordance with the reduced test scope that was previously agreed by the CRG.

The CRG took note that during the last OMG meeting on 28 June 2022, there was a request from an OMG member to get further information on the reduced testing scope of the CR-769 and the risk that it entailed. The CRG agreed to inform the OMG as follows:

- The testing scope of CR-0769 was reviewed by the CSDs/NCBs, who had proposed new screens to be included in the final test scope.
- From a risk perspective the ECB/4CB had concluded that the new reduced scope provided full testing coverage and that the risk was deemed as very low.

T2S-0720-URD ‘Optional inbound liquidity transfer in case of negative NCB account balance at liquidity cut-off’ –oral update

The CRG took note that the detailed assessment delivery of CR-0720 would be delayed and that the R2023.JUN release would not be feasible. This was due to the functional dependency with CSLD-CR-67 “CLM changes to accommodate T2S rule bases Liquidity Transfers” and the detailed assessment for the latter to be put on-hold due to and interdependency with TIPS CR 28 “Rule-based liquidity transfer orders between MCA and TIPS DCA”.

3.3 Change requests not yet authorised at T2S Steering Level

3.3.1 Change requests under preliminary assessment

Background documentation

None.

3.3.2 Candidates for preliminary assessment / Newly raised CRs

Background documentation

- T2S-0786-SYS ‘Counterparty leg of a failing instruction due to reason code “LINK” should not be penalised’.
- CRG Follow Up - T2S Issue on Penalty Link - Examples Options 1 2 and 3 FINAL.
- LINK issue wp outcome.
- CR-786 - 4CB feedback on options 1 and 2.
- T2S-0787-SYS ‘Instructions released during cut-off with failing reason ‘CYCL’ must be imposed with a SEFP penalty’.
- T2S-0787-SYS – ‘UDFS CYCL’.
- Changing Automatic Cancellation – Presentation by ESM.
- Changing Automatic Cancellation - CBF Feedback.

Outcome

T2S-0786-SYS ‘Counterparty leg of a failing instruction due to reason code “LINK” should not be penalised’

The CRG took note of the outcome of the written procedure to agree on the preferred option on CR-0786. It was acknowledged that while most of the feedback received supported option two¹, the preferred one for Clearstream was

¹ Option 2: Penalty mechanism receives internal reporting from T2S-SETT at the end of cut-off times with info on linked and non-linked SI.

option one² because, on top of solving the issue like option two envisaged, option one foresaw to include a new business rule in the reporting for reconciliation purposes.

As option one was initially deemed as more complex than option two and therefore likely to be delivered later, the CRG agreed to adopt option two to address this issue.

The CRG approved the proposed wording updates on the CR and additionally the CR parameters of CR-0786:

- Legal/business importance parameter was set to High because it is a regulatory requirement for some markets.
- Market implementation effort parameter was set to Low because it does not require any implementation by the T2S actors.
- Operational/technical risk parameter was set to Low because the addition of this functionality is not deemed to imply significant operational or technical risks.

The CRG approved the fast-track approach justification as follows: "Fast track approach is requested due to the urgency of this change since some CSDs are facing unexpected operational efforts to solve this issue"

The CRG agreed to recommend CR-0786 for Steering Level authorisation following a fast track approach.

Follow-up actions:

- ECB to launch a written procedure to collect the business values for CR-0786. [10 August 2022]

Outcome

T2S-0787-SYS 'Instructions released during cut-off with failing reason 'CYCL' must be imposed with a SEFP penalty'

The CRG took note of the following proposal for the CR parameters for CR-0787 as follows:

- Legal/business importance parameter was set to "Medium" because with this change the inconsistency of having some instructions not being imposed with a penalty when being released during cut-off time will be removed.
- Market implementation effort parameter was set to "Low" because with this change, it is not foreseen that a long implementation phase with significant resources is needed on the side of the Participating CSD, CB and their communities to be able to take full benefit of this change.
- Operational/technical risk parameter was set to "High" because with this change 4CB will be able to free the operational resources that are currently focused on the mitigating measures that belong to the short-term solution agreed at OMG level.

The CRG took note of the proposal for the fast-track approach justification for CR-0787 as follows: "A fast-track procedure is requested due to the fact that the short-term solution agreed at OMG level implies that 4CB faces unexpected operational efforts reducing the capacity to implement further change requests in parallel."

The CRG agreed to launch a written procedure to seek the CRG agreement to approve the proposal for the CR parameters, the justification for the fast-track approach and to recommend CR-0787 for Steering Level authorisation following a fast-track approach.

- ECB to launch a written procedure to agree to recommend CR-0787 for Steering Level authorisation. [15 July 2022]

² Option 1: SESE.024 is updated with a new Business Rule assigned to the non-linked SI

Outcome

Changing Automatic Cancellation – Presentation by Euronext Securities Milan (ESM).

The CRG took note of a presentation provided by ESM related to the automatic cancellation of transactions under an external CSD scenario. It was acknowledged that when a counterparty is located in an external CSD, and the external CSD is considered Issuer CSD for the securities to be settled, a misalignment can occur between T2S and the external securities settlement system when transactions are automatically cancelled in T2S after 60 business days but they are still active in the external system.

The CRG took note that ESM was facing unexpected operational efforts to correct this misalignment as they had to manually manage bilateral cancellation in the external CSD, what had proven not effective and time-consuming since the cancellation had to also be performed by the counterparty.

The CRG agreed that ESM raised a new change request to de-activate the automatic cancellation of transaction after 60 days (as foreseen by CR-0691³) under the afore-mentioned scenario.

The CRG took note that ESM liaised with ECSDA⁴ Settlement group to seek their guidance on the harmonisation rules that should be put in place so that the misalignment with external settlement systems are reduced.

Follow-up actions:

- ESM to raise a new change request to de-activate the automatic cancellation under an external scenario. [28 August 2022].
- ESM to liaise with ECSDA Settlement group and to seek their guidance on the harmonisation rules that would simplify this situation. [28 August 2022].

3.4 Editorial CRs

Background documentation

- Multiplex second Editorial Change Request (for R6.2) – oral update

Outcome

Multiplex second Editorial Change Request (for R6.2) – oral update

The CRG took note that a second editorial change request would be provided shortly after the meeting covering the latest updates to the Scope Defining Documents stemming from the clarification notes approved after the authorization of the first editorial change request CR-0785 for release 6.2.

4. Clarification notes

Background documentation

- INC000000332472 - Search/list screen for T2S Closing Days Currency for T2S closing days.
- Five R6.0 incidents presented by ESES.
- Itemised A2A query - camt.076/077 ITEM

Outcome

INC000000332472 - Search/list screen for T2S Closing Days Currency for T2S closing days.

³ 'Recycling period of 60 business days for matched instructions'

⁴ European Central Securities Depositories Association

The CRG took note of the background behind incident INC000000332472 that was raised by ESES and the potential misleading that could stem from the value that the currency field was taking for some screens within the CRDM. The CRG agreed to launch a written procedure to collect proposals on which value the currency field should take instead of '000' to avoid a potential misleading.

Follow-up actions:

- ECB to launch a written procedure to collect proposals on which value the currency field should take instead of '000' to avoid a potential misleading in the CRDM screen. [10 August 2022]

Outcome

Five R6.0 incidents presented by ESES.

The CRG took note of the background information provided for five incidents raised by Euroclear.

The CRG agreed the following way-forward for each of them as follows:

- INC000000331497: To include an editorial update within the next editorial CR to remove the “Outbound Message Sequence Number from” and “Outbound Message Sequence Number to” in the UHB because sequencing was not foreseen for CRDM messages.
- INC000000330660: To include in the UHB a disclaimer to highlight the fact that the user would see all the menu entries but not all of them are available. This is the case of “Query Monitoring” plus “Services” under the “Business Day Management” that are visible although the users would not be able to access them since this functions were only designed to be used by the T2S Operator.
- INC000000330544: 4CB to check internally and provide a proposal on the way-forward.
- INC000000329087: 4CB to check and explain why there is an additional step when confirming operations with the NRO activated since in comparison to the T2S GUI, in the CRDM GUI a verification step is needed.
- INC000000332739: 4CB to assess the feasibility of both options, option one to amend the internal search so that it converts the value to search to UPPERCASE and option two to amend the screen so that the UPPERCASE is always used when searching.

Follow-up actions:

- ECB team to follow-up with 4CB on INC000000330544, INC000000329087, INC000000332739 and provide a proposal for resolution for the next CRG Meeting [28 August 2022].

Outcome

Itemised A2A query - camt.076/077 ITEM

The CRG took note of a clarification note provided by 4CB on the behaviour of the A2A query on itemised invoice data and the comparison between the behaviour provided within the new Billing (BILL) common component and the software put in place before release R6.0.

It was acknowledged that with the new Billing common component, for the same way the fields of the camt.076 were used for the search criteria, the format of the output in the camt.077 had changed in comparison with the T2S Billing function that had recently been discontinued. In particular, while until now, the camt.077 ITEM reports detailed/grouped information at level of account for service categories ACMS and SETT and by party for service category INSV even if no dedicated search criteria for Party, Sec. Account or Cash Account were included in the camt.076 input query, with the new Billing it was mandatory to include these search criteria fields in the camt.076

input query for the very same output structure. As detailed in the note, this aspect stems from the new implementation following the existing and unchanged specifications, which did not correspond to the actual behaviour in the previous implementation.

It was acknowledged that the change of this aforementioned functionality impacted heavily the CSDs since if they expected to have the same output structure as they were having until R6.0, they would have to adapt their software to include in the search criteria of the camt.076, the particular information of Parties, securities accounts or cash accounts that they wanted to have in the output report. This would entail relevant and unexpected development costs on CSDs side.

The CRG agreed not to follow this approach since no change in the specifications for this query was requested nor it was announced in advance; instead a change in the specifications will be required to properly reflect more accurately the desired behaviour.

The CRG agreed that a new production problem would be needed to revert the current behaviour to the one provided until now prior to R 6.0 and to provide a deeper explanation of this behaviour in the T2S SDD in an editorial CR.

Follow-up actions:

- *4CB to raise a new Production Problem to revert this behaviour and provide a proposal to enhance the explanation of this query within the SDD [28 August 2022].*

5. CRG action points

Background documentation

- List of CRG action points.

Outcome

List of CRG action points

The CRG agreed to launch a written procedure to agree on the way-forward for the action points due to lack of time to discuss them during the meeting.

Follow-up actions:

- *ECB team to launch a written procedure to seek the CRG agreement on the proposed way-forward for the action points. [15 August 2022].*

6. New MyStandard grouping for TARGET Services

Background documentation

- 4CB presentation on the new MyStandard grouping for TARGET Services.

Outcome

4CB presentation on the new MyStandard grouping for TARGET Services.

The CRG took note of a presentation provided by 4CB on the new setup of TARGET Services and Common components on MyStandards.

The CRG agreed to launch a written procedure to agree on the preferred date out of the two proposed by 4CB (5 November 2022 and 3 December 2022) to implement the change on MyStandards taking into account that it would lead to a three hours downtime during the selected Saturday morning.

Follow-up actions:

- ECB team to launch a written procedure to seek the CRG agreement on the preferred date between Saturday, 5 November 2022 and Saturday, 3 December 2022. [15 July 2022].

7. Any other business

Background documentation

- MIB note on MPEC one-party model.
- CRG 2023 meeting dates
- Dashboard on cross-service impact of CRs

Outcome

MIB note on MPEC one-party model.

The CRG took note of the problem explained in the MIB note about CLM not computing the automatic marginal lending for some MPEC⁵ due to their data constellations not being in line with the TARGET Guideline. It was acknowledged that both a short and a long-term solution were endorsed by the MIB to address this issue.

The CRG agreed to launch a new written procedure to collect comments from the CRG members and mainly from the NCBs due to this liquidity connected topic.

- ECB team to launch a written procedure to collect comments and feedback from the CRG members and particularly from the NCBs. [20 July 2022].

Outcome

CRG 2023 meeting dates

The CRG took note of the proposal for the CRG meeting dates for 2023.

The CRG agreed to launch a written procedure to assess the feasibility of this proposal and seek the agreement to approve it.

- ECB team to launch a written procedure to seek the CRG agreement to approve the CRG meeting dates proposal for 2023. [20 July 2022].

Outcome

CRG dashboard on cross-service impact of CRs

The CRG took note of the proposal provided by the ECB team to keep track of the cross-service topics of change requests.

The CRG agreed to receive this dashboard as a table document for every CRG meeting from now on.

- Delivery plan of change requests
- The following CRG meetings are planned in 2022 (to be confirmed at least 4 weeks in advance)

29 August 2022	09:30-13:00	Webex
26 October 2022	10:00-16:00	ECB Main building

⁵ Monetary Policy Eligible Counterparty

12 December 2022

09:30-13:00

Webex