

T2S DCP GROUP

ECB-PUBLIC

19 December 2014

SUMMARY OF THE 5th MEETING OF THE T2S DCP GROUP (DCPG)

Held in Frankfurt at the New ECB premises on 12 December 2014

0. Welcome and approval of the agenda

Mr Topa (Chairperson) welcomed the participants and presented a new CSD representative.

The participants approved the agenda for the meeting.

1. Review of recent discussions

1.1 Recent consultations and briefings

The members of the DCPG were informed on the developments following recent written consultations and briefed about recent decisions that are relevant to the DCPs:

- a) CSG TF on common insolvency procedures: the Chair summarised the discussion held at the CSG meeting earlier on the day, following the latest taskforce meeting on 1 December 2014. The final report of the taskforce was presented at the CSG meeting; a complete note will be prepared in coming weeks. The work was welcomed by the CSG. Three levels of follow-up work were identified: i) some common activities can already be defined today in terms of operational processes and will be discussed in the OMG, with the aim of incorporating them in the next MOP release (version 1.1 expected before go-live); ii) any potential harmonisation work will be considered in the next HSG meeting in mid-February 2015, to identify further actions for the alignment of practices and interpretations that will be possible within the context of existing European and national legislations; iii) the HSG and the CSG will also explore longer term recommendations relating to a more extensive harmonization of insolvency rules in the T2S perimeter and in the EU; these recommendations will likely require legislative intervention by EU and national authorities, where it will be necessary to take into account the current and planned Commission work on the matter. The X-MAP will also be looking at the insolvency processes from a cross-CSD dimension. The CSG agreed that the Insolvency task force chair will send a note substantiating the bullet points presented to the CSG on the matter. This note is expected by end 2014.
- b) Review of T2S team's presentation on DCP certification requirements: the members of PMG and CSG were invited to make comment to the revised presentation. The new version will be published on the T2S website in the week starting on 15 December. It was clarified that there is

no change in terms of definition of Business Sender / Technical Sender; and that the new version of the presentation is only intended to explain the requirements in terms of DCP certification. All DCPG members are encouraged to review this presentation and raise any remaining comments or questions via the DCPG chair and secretary.

- c) Briefing to and from the CSG: besides the topics presented in the two points above, no further matters were presented.

1.2 CCPs Power of Attorney in T2S

In its meeting on 26 November 2014 the DCPG members requested clarifications on the capacity of CCPs to instruct T2S on behalf of their clearing members, in particular in case of clearing members belonging to different CSDs where the instructing CCP is not itself a participant. The T2S functional team prepared an explanatory note. DCPG members were invited to send any comments in the course of the week ending on 19 December. The note will also be discussed at one of the next PMG coordination calls to gather the view of the CSDs. The business rules mentioned in the note refer in particular to CCPs; similar rules can also be applied to DCPs (not covered by the note).

1.3 Procedure for updating the official DCP list

The members of the DCPG were informed about changes that intervened in the DCP list following the deadline of 3 December 2014 for declarations of intention of becoming a DCP in T2S in U2A mode in migration wave 1. A process description for updating the official DCP list is being discussed at the PMG and will be sent to the DCPG for information in the coming weeks.

2. Information from CBs and CSDs

2.1 Information from Central banks

The DCPG members were informed that, following discussion at the T2S Board on 10 December 2014, the draft TARGET2 Guideline is on track for submission to the ECB Governing Council for final approval in the course of January 2015. Thereafter, a presentation could be given to the DCPG.

In addition, DCPG members were informed on the practical functioning of the so called interim solution offered to Payment Banks to access auto-collateralisation already from go-live of the first migration wave until their CSD moves onto T2S. Some DCPG members requested clarification on the period after go-live of migration wave 3 when the interim solution would be dismissed. The T2S team confirmed that Eurosystem eligibility of links would be unaffected (before and after the validity of the interim solution). CSD representatives mentioned that they are looking into the matter and performing some tests of the application (and a possible extension) of the interim solution. The matter will be further discussed in the February DCPG meeting.

The T2S team also recalled that the Eurosystem had agreed on common terms of reference for the communication of the modalities of the interim solution and that each NCB would communicate the respective procedural details to their own banking community separately. For instance, on Friday 5 December, the Deutsche Bundesbank presented their offer for migration wave 1 at the T2S Infosession with a focus on liquidity management and auto-collateralisation.

2.2 Information from CSDs

CSD representatives mentioned a few initiatives for the near future:

- Euroclear is considering organising some dedicated sessions for interested DCPs (in an interactive format still to be defined);
- Interbolsa had training sessions with market participants in May and are planning new ones for the coming months as well as some workshops with the local community;
- OeKB is organising two sessions on connectivity modes (available options for DCPs and ICPs) to take place on 28 and 29 January 2015 at the Citibank premises in Frankfurt;
- SIX SIS is also planning additional workshops for the coming months.

2.3 AML/CFT scanning according to Directive 2005/60/EC

The CSG decided to launch a stocktaking exercise among CSDs to clarify who has obligations and which processes should be applied. More information will be presented at the next DCPG meeting in February 2015.

3. Open Issues Register

The participants reviewed the list of open issues relevant for the DCPs and DCA Holders (version 3.0) and agreed on the topics to be published. Assigned priorities, responsibilities, deadlines and status updates following the meeting are included in the DCPG Open Issues Register v4.0 to be published on the T2S website. A DCPG member suggested to refine the classification of the items in the register to better stress the level of priority of each issue.

With reference to the register's items referring to testing activities, the T2S Programme Manager invited the Chair of the DCPG to attend the meetings of the UTSG (next meeting planned on 22 January 2015).

4. Miscellaneous

4.1 Any Other Business

No further issues for discussions were raised by the participants.

4.2 Future DCPG meetings

The next physical meeting of the DCPG will take place at the margin of the 12th CSG meeting to be held on 26-27 February 2015 in Frankfurt.