

MARKET INFRASTRUCTURE DEVELOPMENT DIVISION

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# Status update on CRG activities

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## 1. Introduction

The note provides an ECB team status update to the Advisory Group on Market Infrastructures for Securities and Collateral (AMI-SeCo) regarding the T2S Change Requests (CRs) as well as other functional topics relevant for T2S.

The present version focuses on the key developments in the work of the T2S Change Review Group (CRG) since the last reporting to the AMI-SeCo in July 2017. As such, the note focuses on the latest discussions on CR cost drivers and the ongoing work on CRs.

## 2. New T2S Operational Governance Process Framework

The main impact of the new T2S Operational Governance Process Framework<sup>1</sup>(OGPF), [version 2.4](#), on the CRG responsibilities and activities comes from the new principle of having the change management process and the release management process running complementary to each other. As of the new framework expected entry into force, in Q1 2018:

- The CRG will provide recommendations to the T2S Steering Level in the context of the acceptance or rejection of a CR for inclusion in the CR *ranking process*.
- The Project Managers Group (PMG) and its relevant sub-structure, i.e. the Release Management Sub-group (RMSG), rather than the CRG, will initiate the detailed assessment of CRs via a recommendation to the T2S Steering Level.<sup>2</sup>
- The CRG does not recommend anymore the scope of a release to the T2S Steering Level. The PMG/RMSG manages the scope definition of the releases and potential updates of the scope.

## 3. Cost drivers of Change Requests

There is an increasing request from T2S stakeholders to better understand the cost drivers behind the implementation proposals of certain complex CRs, e.g. those connected to the CSD

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<sup>1</sup> The T2S Operational Governance Framework document specifies the tasks and interactions of the different T2S governance bodies for (i) the Change Management and Release Management, (ii) the Service Validation and Testing, and (iii) the Deployment Management in order to ensure an efficient decision making and communication between these groups.

On 10 October 2017 the CSD Steering Group (CSG) approved the new T2S Operational Governance Process Framework, version 2.4. The CSG decided that the target date of implementation of the new Framework shall be early 2018, after the necessary approvals of the Framework Agreement have been obtained in the T2S governance.

<sup>2</sup> The CRG provides its recommendation on the detailed assessment result of a CR to the PMG/RMSG and not to the Steering Level

Regulation (CSDR) level II regulatory requirements, prior to their commitment on such implementation.

Within this context, the Eurosystem is of the view that, in the new T2S Operational Governance Process Framework, the CRG should:

- i) focus on the functional analysis of the CRs as it has been the case so far, and
- ii) facilitate a better understanding of the cost drivers associated with the initial requirements as well as the proposed functionalities, in particular of the most complex and expensive CRs.

In order to perform its role, the CRG should aim, in cooperation with any relevant governance bodies, to consider and assess alternative solutions for CRs and where relevant, e.g. simplified requirements or functionalities, which could have a positive impact on these cost drivers.

## 4. CRs for R2.0

### 4.1 Approved CRs for R 2.0

The below table includes the CRs approved by the T2S Steering Level for the T2S Release 2.0 and the dates on which the AMI-SeCo gave its advice (positive feedback unless stated otherwise).<sup>3</sup> A detailed description per CR is available in the links provided below.

**Table 1: List of CRs approved by T2S Governance for R2.0**

CR ID	CR Title	T2S Release	AMI-SeCo consultation outcome
<a href="#">T2S-0358-URD</a>	Unblocking of ISINs as part of Corporate Action Handling	R2.0	2 to 8 June 2017 written procedure: no objection
<a href="#">T2S-0446-SYS</a>	Blocking of U2A interface for submitting new instructions to T2S during reconciliation process post RAD (Recovery After Disaster)	R2.0	1 to 7 August 2017 written procedure: no objection
<a href="#">T2S-0515-URD</a>	Allow instructions from CSD participants for n days after maturity date of security	R2.0	2 to 8 June 2017 written procedure: no objection
<a href="#">T2S-0540-SYS</a>	Alignment of U2A and A2A cash forecast information	R2.0	21 to 27 July 2017 written procedure: no objection
<a href="#">T2S-0562-URD</a>	Overnight liquidity balance on the T2S DCA in case of contingency scenario	R2.0	21 to 27 July 2017 written procedure: no objection
<a href="#">T2S-0588-SYS</a>	Inclusion of the DCA in the auto-collateralisation messages i.e. T2S generated instructions (sese.032) and/or the corresponding settlement confirmations (sese.025)	R2.0	21 to 27 July 2017 written procedure: no objection
<a href="#">T2S-0621-SYS</a>	Multiple pending reason codes (combination of	R2.0	2 to 8 June 2017 written

<sup>3</sup> As foreseen in the Change Management Process (Schedule 9 to the Framework Agreement), the AMI-SeCo is invited to give its advice on CRs upon a CRG recommendation to approve/reject a CR.

	lack of securities/cash)		procedure: no objection
<a href="#">T2S-0632-SYS</a>	To increase the default number of rows to be displayed from 10 to 100 rows per page	R2.0	1 to 7 August 2017 written procedure: no objection
<a href="#">T2S-0640-SYS</a>	BATM operations to be applied on bilateral basis only	R2.0	21 to 27 July 2017 written procedure
<a href="#">T2S-0645-SYS</a>	Character Set X: Align discrepancies between UDFS, UHB, DMT and SWIFT Handbook	R2.0	21 to 27 July 2017 written procedure: no objection
<a href="#">T2S-0648-SYS</a>	Enhancement of operational resilience in multi-currency context	R2.0	21 to 27 July 2017 written procedure
<a href="#">T2S-0649-SYS</a>	Handling of leading and trailing "blanks" and "/" in A2A and U2A names and Identification attributes	R2.0	21 to 27 July 2017 written procedure: no objection
<a href="#">T2S-0650-SYS</a>	T2S to prevent duplicate sequence numbers and duplicate T2S References after a Recovery After Disaster	R2.0	1 to 7 September 2017 written procedure: no objection
<a href="#">T2S-0655-SYS</a>	T2S should allow updates of maturity date for matured ISINs	R2.0	1 to 7 September 2017 written procedure: no objection
<a href="#">T2S-0660-SYS</a>	LTSI improvements and performance optimisation (Phase 1)	R2.0	1 to 7 September 2017 written procedure: no objection
<a href="#">T2S-0663-SYS</a>	Treatment of change of fractional digit for cases of ISIN with settlement type nominal and change of settlement type	R2.0	11 to 14 September 2017 written procedure: no objection
<a href="#">T2S-0666-SYS</a>	T2S should lower maximum outbound file size to 99 MB	R2.0	11 to 14 September 2017 written procedure: no objection
<a href="#">T2S-0667-SYS</a>	The camt.019 final message after the night-time settlement file bundling shall report zero files	R2.0	2 to 8 November 2017 written procedure: no objection

The AMI-SeCo did not raise any objection to the rejection of the CR577<sup>4</sup> in a written procedure from 21 to 27 July 2017. The Market Infrastructure Board (MIB) rejected the CR following the AMI-SeCo advice and CSG resolution as it considered that the value which the CR would bring does not justify the cost of the CR.

## 4.2 Potential candidates for R 2.0

The following CRs are currently under discussion in the T2S governance for potential inclusion in R2.0

<sup>4</sup> T2S-0577-SYS (T2S should allow a report configuration with validity of one day)

## CR 646

**Table 2: CR 646 template**

CR ID	<a href="#">T2S-0646-SYS</a>
CR title	Pre-formatted operational reports
CR Description	The CR aims at providing pre-formatted operational reports to the individual CSDs/CBs that opt for them, based on the data retrieved from T2S at specific times.
CR Initiator	Data Access Task Force (DATF)
Status	On hold. 4CB have delivered detailed assessment to CRG. CR is under DATF discussion. The AMI-SeCo did not raise any objection to the launch of the detailed assessment in a written procedure from 21 to 27 July 2017.
Cost assessment	<u>Current CR646:</u> Project Phase: €385,523.93 Annual Operational: €31,802.97 <u>Alternative 'basic' implementation option</u> Project Phase: €50,000 (approx.) Annual Operational: €95,000 (approx.)

The CRG agreed with the functional description included in the detailed assessment of the CR646 during its meeting on 23 October 2017.

However, during the CSG meeting of 30 November 2017, the CSG members favoured an alternative 'basic' implementation option of this CR, i.e. reports to all CSDs only based on current process used today for some CSDs.

The pricing of these operational reports still needs to be defined (i.e. a separate CR should be issued by the CSDs).

## CR 670

**Table 3: CR 670 template**

CR ID	<a href="#">T2S-0670-SYS</a>
CR title	Logical deletion and purge of matured ISINs together with their related links.
CR Description	The CR would allow a Security Maintaining Entity (SME) to delete a security regardless of the related active reference data. The CR would create a new automatic process in T2S which results in purging of these related active reference data when T2S purges the security.
CR Initiator	4CB
Status	Detailed assessment in preparation. The AMI-SeCo did not raise any objection to the launch of the detailed assessment in a written procedure from 2 to 8 November 2017.
Cost assessment	Not available.

The **detailed assessment is planned to be available on 11 January 2018** and is expected to be discussed by the CRG meeting on 25 January 2018. The ECB team will report to the AMI-SeCo once a CRG recommendation is made available.

The 4CBs are also analysing whether a T2S performance deterioration could occur due to a huge number of matured securities and related reference data in the online database. This would give an indication of the urgency of the CR.

## 5. Other CRs

The following CRs are currently under the CRG assessment, also in collaboration with the relevant T2S governance arrangements.

### CR 612

Table 4: CR 612 template

CR ID	<a href="#">T2S-0612-SYS</a>
CR title	Alignment of T2S Messages with ISO Maintenance Releases 2013-2017.
CR Description	The CR aligns all T2S messages to the ISO Standard Release 2017.
CR Initiator	4CB
Status	On hold. The 4CB have delivered the detailed assessment to CRG. CR is under CRG discussion.
Cost assessment	Project Phase: €1,019,711.08 Annual Operational: € 85,812.71

As requested by the RMSG on 10 November 2017, the 4CB will analyse the possibility of having the **CR612** as a standalone CR in R3.0.<sup>5</sup> The RMSG will discuss this CR as a candidate for **R3.0, on a standalone basis**, during its meeting on 13 December 2017.

During this meeting, the RMSG will also analyse the **alternative option** of having the CR612 **jointly implemented with the CSDR CRs** 600, 606, 607 and 609 in R3.0.

### CSD Regulation (CSDR)-related CRs

The CRs related to the CSDR (T2S-0600-SYS, T2S-0606-SYS T2S-0607-SYS, T2S-0609-SYS, T2S-0654-URD)<sup>6</sup> were originally considered as mandatory CRs for the T2S Release 3.0 (R3.0) based on the assumption about the timeline for CSDR penalty regime to become applicable.

<sup>5</sup> The 4CB raised the CR 669 (Alignment of Flat files, DMT files and Securities Valuation flat files with ISO Maintenance Releases 2013 – 2017) to align the flat file reports with the ISO updates in the related A2A reports. This CR is still under investigation with the CRG and will be discussed again in the CRG meeting on 15 December of 2017 as the delivery of the detailed assessment of the CR612 was required.

<sup>6</sup> [T2S-0600-SYS](#) (T2S reporting functionality must be enhanced to allow the retrieval of the settlement instructions and their related SF1 (accepted) /SF2 (matched) timestamps via A2A in an efficient and standard way)  
[T2S-0606-SYS](#) (T2S should maintain and report information related to 'Place of Trade' and 'Place of Clearing' of a settlement instruction consistently across T2S messages)  
[T2S-0607-SYS](#) (T2S must be able to identify, store, and report settlement information related to buy-in transactions consistently across T2S messages)  
[T2S-0609-SYS](#) (T2S must be able to report 'PENF' settlement status for settlement instructions for which settlement at the ISD is no longer possible)  
[T2S-0654-URD](#) (T2S Penalty Mechanism)

The 4CB detailed assessment of the CR654 showed that its implementation in R3.0 is not feasible due to the time required for development and testing of the CR. The 4CB indicated that the CR654 could potentially be delivered for R3.2 (16 November 2019) at the earliest<sup>7</sup>.

On 10 November 2017, the RMSG agreed to exclude the CR654 from R3.0 discussions. During the CSG meeting on 30 November 2017, the CSDs agreed that they will decide whether they will use the penalty mechanism to be developed in T2S or whether they will develop their own solutions outside T2S.

## CR 614

Table 6: CR 614 template

CR ID	<a href="#">T2S-0614-SYS</a>
CR title	Reason code FUTU (Instruction is awaiting the settlement date) should not be used for unmatched instructions.
CR Description	The aim of the CR is to include the matching status 'unmatched' in status advice messages whenever the status advice message reports a pending reason code for unmatched instructions.
CR Initiator	Euroclear.
Status	Detailed Assessment in preparation.
Cost	Financial impact parameter: Medium between €100,000 and €500,000).

The **4CB** are currently performing the detailed assessment of **CR 614** which is planned to be discussed during the RMSG and CRG meetings on 14 and 15 December 2017 respectively.

## CR543

Table 7: CR 543 template

CR ID	<a href="#">T2S-0543-SYS</a>
CR title	Minimum amount for auto-collateralisation transactions.
CR Description	The aim of the CR is to allow payment banks to define an individual minimum cash amount to be transferred in an auto-collateralisation and client-collateralisation scenario.
CR Initiator	German National Stakeholders Group.
Status	On hold.
Cost	Financial impact parameter: High (more than €500,000).

During the CRG meeting on 15 December 2017 the CRG will discuss the CR with the aim to agree on the updated version of the CR and **potentially recommend the CR for detailed assessment** to the T2S Steering Level. This issue is related to the OMG discussion on the maximum number of auto-collateral reimbursement instructions that can be processed by T2S

<sup>7</sup> In addition certain assumptions taken in the context of initiating the CR654 require feedback from the European Securities and Markets Authority (ESMA). This feedback is still missing.

(see below). The ECB team will seek the AMI-SeCo's advice once a CRG recommendation is made available.

### CR 544

Table 8: CR 544 template

CR ID	<a href="#">T2S-0544-URD</a>
CR title	Retroactive Cash Restriction (Cash Blocking and Reservation.
CR Description	The aim of the CR is to enable user to amend an existing settlement instruction to add or remove cash restriction references.
CR Initiator	German National Stakeholder Group.
Status	On hold. CRG has recommended the launch of the CR preliminary assessment.
Cost	Not available.

The CRG agreed to launch the preliminary assessment on 20 July 2017. Given its low priority, the 4CB proposed to wait until other CRs are recommended for preliminary assessment (potentially in the December CRG meeting) so they can bundle the preliminary assessment of few CRs.

### CR 653

Table 9: CR 653 template

CR ID	<a href="#">T2S-0653-SYS</a>
CR title	Partial release functionality.
CR Description	The aim of the CR is to create a functionality of 'partial release' which would allow CSD participants to release a transaction for part of the quantity of a settlement instruction.
CR Initiator	Euroclear.
Status	4CB have delivered the preliminary assessment to the CRG. CR is under CRG discussion (15 December 2017)
Cost	Financial impact parameter: Very high (i.e. more than € 700.000).

### CR 613

Table 10: CR 613 template

CR ID	<a href="#">T2S-0613-SYS</a>
CR title	T2S should give the possibility to receive outbound T2S messages bundled in files.
CR Description	The CR would allow T2S actors (CSDs, NCBs and DCPs) to optionally subscribe to the receipt of outbound T2S messages bundled into files based on a number of criteria.
CR Initiator	Euroclear.
Status	On hold. CR has not yet preliminary assessed.
Cost	Not available.



Following its preliminary assessment, this CR has been kept on hold by the CRG due to unresolved questions about the business case and requirements of the CR. The CSG on 29 November 2017 expressed its preference for a quick implementation of this CR (targeting T2S R3.0) and acknowledged the need to stabilize the business requirements urgently to allow such a quick implementation. The CR will be discussed next in the CRG meeting on 15 December 2017 based on the revised requirements to be provided by the relevant CSDs.

In addition to the CRs mentioned elsewhere in this status update, the following CRs have been raised by T2S stakeholders and have been discussed in the CRG since the last ECB team reporting to the AMI-SeCo. AMI-SeCo will be consulted on these CRs upon a CRG recommendation to launch the detailed assessment or to approve/reject the CR.

### CR 664

Table 11: CR 664 template

CR ID	<a href="#">T2S-0664-SYS</a>
CR title	T2S should allow the population of the dedicated Legal Entity Identifier (LEI) field on Party 2 level in A2A mode
CR Description	T2S must allow the population of the Party2 fields related to the LEI in the Settlement Instruction message (sese.023).
CR Initiator	Cross-border Market Practice sub-group (XMAP).
Status	On hold. The CRG will review the CR at a later stage in view of any further action from the AMI-SeCo governance. The follow up action is currently with the XMAP.
Cost	Financial impact parameter: Medium between €100,000 and €500,000).

### CR 665

Table 12: CR 665 template

CR ID	<a href="#">T2S-0665-URD</a>
CR title	Multiplex Editorial Change Request on UDFS,UHB and URD
CR Description	The CR includes editorial updates stemming from the resolution of production problems and typos.
CR Initiator	4CB.
Status	Authorised at T2S Steering level for inclusion in the next documentation update. The AMI-SeCo did not raise any objection in a written procedure from 21 to 27 July 2017.
Cost	No cost impact.

### CR 668

Table 13: CR 668 template

CR ID	<a href="#">T2S-0668-SYS</a>
CR title	Provide T2S reference of the linked instruction preventing settlement.

CR Description	The aim of the CR is to provide a reference to the linked instruction preventing settlement in U2A and A2A status advices and reports.
CR Initiator	Euroclear.
Status	On hold. CR has not yet been preliminary assessed as there are still CRG discussions on the CR requirements.
Cost	Not available.

## CR 672

Table 14: CR 672 template

CR ID	<a href="#">T2S-0672-SYS</a>
CR title	Multiplex Editorial Change Request on UDFS/UHB.
CR Description	The CR includes editorial updates stemming from the resolution of production problems and typos.
CR Initiator	4CB.
Status	On hold.
Cost	No cost impact.

## 6. Production problem/incidents

Since the last reporting to the AMI-SeCo, the following production problems/incidents, which have been submitted by the OMG to the CRG, are currently under CRG analysis.

### Production problem-related topics

- [SDD-PBR-0026](#) (T2S should not allow the creation of BIC rules in the CMB that are inconsistent with the previously-defined CMB Securities Account Links – PBI-201779)

The CRG agreed to the implementation proposed in the SDD clarification note and the related documentation updates (see details in above link).
- [SDD-PBR-0027](#) (Partial loading of contents for Statement of Transactions to prevent timeout in GUI – PBI-200360)

The CRG agreed to the implementation proposed in the SDD clarification note and the related documentation updates (see details in above link).
- [SDD-PBR-0028](#) (Massive Queries - Limitations of the T2S GUI – PBI-154066/154897)

The CRG members agreed in principle that the system limitations when querying/downloading A2A-like data volumes are documented in the UHB. Nevertheless, some CRG members invited the 4CB to provide a more explicit, even if indicative, description of these T2S volume limitations for Settlement Instruction Query and Securities Query before concluding (see details in above link).

- [SDD-PBR-0029](#) (Exclude status history from the data used for digital signature to avoid GUI frozen screen when cancelling/amending/hold/release a Securities Instruction – PBI-201199)

The CRG agreed to the implementation proposed in the SDD clarification note and the related documentation updates (see details in above link).

- [SDD-PBR-0030](#) (Partial loading of content for Statement of Accounts to prevent timeout in GUI – PBI-202185)

The CRG agreed to the implementation proposed in the SDD clarification note and the related documentation updates (see details in above link)..

- [SDD-PBR-0031](#) (Partial loading of content for Statement of Pending Instructions to prevent timeout in GUI – PBI-202186)

The CRG agreed to the implementation proposed in the SDD clarification note and the related documentation updates (see details in above link).

- [Issue of Restriction Type Case 2 affecting auto-collateral reimbursements that block the T2S Operational Day](#)

The CRG members acknowledged that on the one hand, CSDs may need to have the tools to block securities from settlement for different reasons such as insolvency and corporate actions while on the other hand, Central Banks want to be alerted if an auto-collateralisation reimbursement cannot take place due a blocked security (see details in above link).

- [Issue of the maximum number of auto-collateral reimbursement instructions that can be processed by T2S](#)

The CRG agreed to discuss the topic again in the CRG meeting on 15 December 2017 once further information is provided by the 4CB (see details in above link).

#### Production incident-related topics

- [INC204308](#) (Back-to-back transactions in partial settlement)

The CRG members agreed that the current T2S behaviour of non-optimising the back-to-back transactions in the partial settlement window, is in line with the T2S specifications. This is an agreement in principle and subject to a final check by Clearstream, which raised it. This production problem is still open at CRG level (see details in above link).

- [INC204677](#) (Settlement Instructions settle despite Case 2 blocking restriction on ISIN)

The 4CB agreed to fix the issue as part of R2.0 and acknowledged that no further CR is needed (see details in above link).