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Outcome

Meeting of the T2S Change Review Group (CRG)

18 January 2023, from 09:30 to 13:00 CET (held remotely)

31 January 2023, from 10:00 – 12:00 (held remotely)

1. Introductory remarks and approval of the agenda

Background documentation

- Recent resolutions on CRs since last meeting.

Outcome

The CRG chairperson, Karen Birkel, welcomed the participants and introduced the meeting held remotely.

The CRG chairperson, welcomed some new participants in the CRG:

- *A new member from Banca d'Italia Level2 who will replace Michele Zaccagnino.*
- *And the alternate also from Banca d'Italia.*

The CRG members approved the agenda of the meeting on 18 January 2023 and no additional items were proposed.

The CRG members took note that as a follow-up of the last CRG meeting on 12 December 2022:

- *Following CR was approved by the T2S Steering level:*
 - *T2S-0795-SYS – “Multiplex Editorial Change Request (for R2023.JUN)” was authorised and allocated to R2023.JUN. It was agreed by the CRG to remove SDD-PBR-0093 from CR-0795.*
- *Following CRs were requested for detailed assessment in view of R2024.JUN:*
 - *T2S-0596-SYS – “Enhance Settlement Instruction - Details screen to display T2S matching reference and the counterparty’s instruction details”.*
 - *T2S-0525-SYS – “Provide Restriction Type name and description in reason code due to Market Specific Restriction Types”.*
 - *T2S-0634-SYS – “New code to report that settlement information is not available in T2S during the start of day”.*
 - *T2S-0623-SYS – “Standing rebalancing of securities positions”.*
 - *T2S-0541-URD – “Bulk-release functionality (U2A) for settlement instructions”.*
 - *T2S-0720-URD – “Optional inbound liquidity transfer in case of negative NCB account balance at liquidity cut-off”.*
 - *T2S-0757-SYS – “T2S should apply a 20-day transformation period for instructions subject to COSD”.*
 - *T2S-0679-SYS – “Implementation of thresholds in outbound liquidity transfer orders”.*
 - *The updated detailed assessment of T2S-0761-SYS – “Enhance optimisation during RTS to maximise transaction throughput on the same resource” was approved by the CRG on 13 January 2023.*

- *Following CRs were recommended for authorisation by the CRG:*
 - *T2S-0791-SYS – “T2S alignment to ISO 10962:2021 CFI code – addition of new codes”.*
 - *T2S-0792-SYS – “T2S alignment to ISO 10962:2021 CFI code – removal of decommissioned codes”.*
- *Following CRs were requested for preliminary assessment by the CRG:*
 - *T2S-0794-SYS – “T2S settlement day processes for DKK”.*
 - *T2S-0796-SYS – “Secured Groups should have name and descriptions attributes”.*

The CRG took note that the first proposal of SDD-PBR-0093 – PBI-220731 – ‘Update of CFI code and recalculation of penalties’ was rejected and that the main elements of the second proposal would be discussed during this meeting.

The CRG members took note that the market review of T2S SDD for R2023.JUN would run until 27 January 2022.

2. Outcome of previous meetings

Background documentation

- Outcome of the CRG meeting on 12 December 2022

Outcome

The CRG members took note that during the written procedure to review the outcome of the meeting on 12 December 2022, some editorial updates were proposed, accepted, and included in the version shared for this meeting.

The CRG members approved the updated outcome of the CRG meeting on 12 December 2022.

Follow-up actions

- *ECB team to publish in the ECB website the outcome of the CRG meeting on 12 December 2022. [18 February 2023]*

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-0634-SYS New code to report that settlement information is not available in T2S during the start of day (table document) – oral update

Outcome

T2S-0634-SYS New code to report that settlement information is not available in T2S during the start of day (table document) – table document

The CRG members took note that during the start of the detailed assessment of CR-0634, due to the age of the change request, 4CB needed to clarify the real behaviour of the system before going on with the assessment.

The CRG agreed with the 4CB proposal to check the current behaviour of the software at start of day phase and, depending on the test results, provide the actual impact of this change so that the way-forward could be decided.

The CRG acknowledged that the delivery date of the detailed assessment would be delayed at least two weeks, due to the time needed for this internal testing.

Follow-up actions

- *4CB to share the results of the test to check the current behaviour relevant for CR-0634 and provide it to the CRG so that the way-forward can be decided. [10 February 2023]*

3.3 Change requests not yet authorised at T2S Steering Level

3.3.1 Change requests under preliminary assessment

Background documentation

- T2S-0735-SYS T2S to provide the CSDs the possibility to receive message transmission information grouped by Securities Account
- 4CB preliminary assessment of CR-0735
- T2S-0789-SYS Handling automatic cancellation for T2S External Transactions

Outcome

T2S-0735-SYS T2S to provide the CSDs the possibility to receive message transmission information grouped by Securities Account

4CB preliminary assessment of CR-0735

The CRG members took note of the findings of the second preliminary assessment of CR-0735. The solution presented foresaw no impact in the Billing component as requested by the CR initiator and envisaged to use the T2S DWH to provide the billing information at the level of securities account. 4CB informed that due to the level of granularity of the requested billing information, the solution implied an impact in several software components..

The CRG members took note that the preliminary assessment showed that the financial impact would be very high, with a potential rough estimation between four and five million euros.

The CR initiator, Iberclear, expressed surprise with this unexpected very high cost and could not understand the low level of scalability of T2S that implied such an impact in the service.

4CB pointed out that the solution to show the results by Party would reduce the impact and asked whether it could be also meet the requirement. The Iberclear representative explained that the solution to get the billing information by Party was not accepted and mentioned that they needed to check internally with their clients before being able to provide feedback on the matter.

The EuroNext Securities Milan representative raised a concern about the high cost of this change that might be potentially related to an issue in the architecture of T2S, since high costs are normally associated to relevant projects, which was not the case of CR-0735.

The CRG members agreed to put CR-0735 on hold until Iberclear provided feedback on the potential way-forward. It was also agreed to ask the guidance of the CSG related to this topic.

Follow-up actions

- *Iberclear to check internally with their participants about CR-0735 preliminary assessment for feedback. [07 March 2023]*

Outcome

T2S-0789-SYS Handling automatic cancellation for T2S External Transactions

The CRG members approved the updates of CR-0789 that addressed 4CB questions raised in the preliminary assessment and included a chart with all the potential cases foreseen as agreed in the previous meeting.

The CRG members acknowledged that the CR was also updated with the risk assessment performed in the preliminary assessment with the following statement: "Potential system performance risk to be validated during DA".

The CRG approved the CR parameters as follows:

- Legal/business importance parameter was set "High" because automatic cancellation of the T2S internal realignment of External Transactions can create inconsistency of transaction status and Participants' obligations.
- Market implementation effort parameter was set "Low" because significant impacts are not envisaged.
- Operational/technical risk parameter was set "Low" because the changes foreseen does not entail an operational or a technical impact.

The CRG agreed to recommend CR-0789 for Steering Level authorisation.

Follow-up actions

- ECB team to launch a written procedure to collect business values for CR-0789. [28 January 2023]

3.3.2 Candidates for preliminary assessment / Newly raised CRs

Background documentation

- T2S-0793-URD Introduce party type Ancillary System in T2S
- T2S-0797-SYS T2S should support cross-border settlement via alternative Security CSD Links.
- Clearstream presentation on CR-0797
- T2S-0799-SYS 'Matched Partial Settlement Indicator should be informed in sese.024 when instructions are matched'
- T2S-0800-URD Harmonisation of floor/ceiling notifications with T2
- Bundesbank presentation on T2S-0800-URD
- T2S-0802-URD Penalty Mechanism calculation and storage extension

Outcome

T2S-0793-URD Introduce party type Ancillary System in T2S

The CRG members took note that as a follow-up of the last CRG meeting on 26 October 2022, a written procedure was launched to review CR-0793 and agree to request the preliminary assessment. It was acknowledged that the feedback collected showed that the wording of the change request should be updated to better clarify some questions. The ECB team provided a presentation with these questions received and the feedback provided for them, showing also how the change request was updated to clarify them. The relevant point highlighted was that the CSDs would not be impacted by this change since it was initially only foreseen in CRDM to make possible that an Ancillary System party type was able to own a T2S Dedicated cash account. One CRG member asked about the potential impact this change could have in their cash management set-up in T2. 4CB informed that initially, an impact in T2 was not foreseen but if during the detailed assessment they found out unexpected impacts, a workshop with expert colleagues in T2 would be arranged and the CRG would be informed. Additionally, although it was acknowledged that currently it was not mandatory to have the same party type both in CRDM for T2 and T2S, from a harmonisation point of view it could be convenient in the medium term to start an assessment on whether non-MPEC institutions set-up as 'Ancillary System' in T2 and as 'Payment Banks' in T2S could be modelled as 'Ancillary System' also in T2S. The CRG agreed to request the preliminary assessment of CR-0793.

Follow-up actions

- 4CB to provide the preliminary assessment of CR-0793. [01 April 2023]

Outcome

T2S-0797-SYS T2S should support cross-border settlement via alternative Security CSD Links.

Clearstream presentation on CR-0797

The CRG members took note of the presentation provided by Clearstream addressing the question raised in the previous CRG meeting on 12 December 2022. In particular, Clearstream representative explained how the bookings would be performed with the new functionality in place. The CRG members acknowledged that when using this new functionality, the CSD would have to monitor the omnibus technical accounts held via the alternative securities CSD link so that it had sufficient securities to avoid a failed settlement. It was acknowledged that this task would entail additional operational effort for those CSDs that would like to benefit from this enhancement. In this regard, it was confirmed that those CSDs that would not use this enhancement would have no/minimal impacts.

Euroclear representative informed that this solution would not be used by them and with the aim to have a clearer view of the CR costs, it should be preliminary assessed.

Euronext Securities Milan representative supported this new change request since it would address a particular business case and therefore was in favour to request the fast-track authorisation approach, skipping the preliminary assessment. The Banco de España representative identified potential policy dependencies and suggested that in parallel to the detailed assessment, the analysis should be extended to a policy group of the Eurosystem to confirm that there were no potential implications for collateral management.

The CRG approved the CR parameters as follows:

- Fast-track approach should be followed since this CR addresses some issues that prevent further extension of cross-border activities in T2S. Its implementation will lead to increased cross border activities in T2S, and to better integration of financial markets across Europe;
- Legal/business importance parameter was set “High” as the change enables additional cross-border settlement flows;
- Market implementation effort parameter was set “Low” as the change is optional for CSDs.
- Operational/technical risk parameter was set “Low” as the change is optional for CSDs.

The CRG agreed to recommend it for Steering Level authorisation following a fast-track approach as proposed by the CR initiator, Clearstream.

After the CRG meeting on 18 January 2023, the CRG had an ad-hoc meeting on 31 January 2023 to cover the items that were not discussed during the meeting due to lack of time. In this meeting, the CRG took note that the CSG had objected to the fast tracking and authorisation of CR-0797, arguing that more time was needed for an analysis before its authorisation.

Considering this update, the CRG agreed to request the preliminary assessment of CR-0797.

4CB informed that before starting the preliminary assessment, some functional questions should be clarified and it was agreed to set-up a meeting with the CR initiator for this purpose.

Follow-up actions

- ECB team to launch a written procedure to collect business values for CR-0797. [30 January 2023]
- 4CB to provide the preliminary assessment of CR-0797 [01 April 2023]
- ECB team to book an ad-hoc meeting on CR-0797 to clarify some functional questions raised on 4CB side. [01 February 2023]

Outcome

T2S-0799-SYS 'Matched Partial Settlement Indicator should be informed in sese.024 when instructions are matched'

The CRG members took note of the feedback provided by the Iberclear representative and particularly that the ISOCR1779 could potentially fulfil the requirement explained in CR-0799, however their internal assessment had not been completed. 4CB explained that if the way forward decided was to withdraw CR-0799 and implement the ISOCR1779, a new T2S change request should be raised to fulfil the information foreseen in the ISO change request. It was acknowledged that several CRG members were in favour of a harmonised solution to implement the ISO change request

The CRG members took note that the TARGET Services ISO freeze strategy was being revisited and currently, there was no delivery date for the ISO Maintenance release 2022, where the ISOCR1779 was allocated.

The Clearstream representative pointed out that this change would be beneficial for them since it would also address the same business issue that they had with their clients.

The CRG members agreed to discuss this topic in the next meeting once the Iberclear internal assessment was finished and there was more clarity on the new update to the ISO freeze strategy.

Outcome

T2S-0800-URD Harmonisation of floor/ceiling notifications with T2 Bundesbank presentation on T2S-0800-URD

The CRG members took note of the presentation on CR-0800 provided by Bundesbank representative. It was acknowledged that CR-0800 would provide a harmonisation of floor/ceiling notification functionality across TARGET Services. The CRG agreed to request the preliminary assessment of CR-0800.

Follow-up actions:

- 4CB to provide the preliminary assessment of CR-0800. [20 February 2023]

Outcome

T2S-0802-URD Penalty Mechanism calculation and storage extension

The CRG members took note of the draft version of change request CR-0802 that envisaged the extension of the number of business days in the past for LTFP calculation from 42 days to 92 days. Iberclear representative asked what the impact would be if, once regulatory guidance was provided, an extension further than 92 days was needed. 4CB informed that if a future extension over 92 days was needed, it would imply a complete redesign of the CRDM provision mechanism to comply with the current SLA for provision of data and daily reports.

It was agreed that CR-0802 should be updated with a link to SDD-PBR-0077 'Automatic purge for penalty mechanism related data and consequent update on calculation of LMFPs with applicable BD in the past'.

The CRG agreed to launch a written procedure to collect comments and feedback on CR-0802.

Follow-up actions

- ECB to launch a written procedure to collect comments and feedback from the CRG with an updated version with clarification of the timeframe. [3 February 2023]

3.4 Editorial CRs

Background documentation: none

3.5 New category of change request: “Alignment change request”

Background documentation:

- Presentation of the features of the new category of change request: “Alignment Change Request”.
- T2S-0803-SYS Impact of ICN-0015 new draft7 schema version of camt.077 BILL message

Outcome

Presentation of the features of the new category of change request: ‘Alignment Change Request’

T2S-0803-SYS Impact of ICN-0015 new draft7 schema version of camt.077 BILL message

The CRG members took note that the PMG had agreed in its meeting on 14 December 2022 to raise a new category of change request so that the testing could be tracked when a change in a common component or other target service had an impact in the CSDs/NCBs without a software change in T2S. The CRG took note of the proposal of the features of this new change request, being the main one the absence of preliminary and detailed assessment. It was agreed that ECB checked internally whether the AMI-SeCo view should be sought in the approval procedure of the scoping of a release for this new category of change request. The CRG acknowledged that with the Common Components this new category was needed and agreed to share with the PMG this supportive feedback in view of its meeting on 7 February 2023, when this proposal would be discussed.

The CRG took note of the newly raised CR-0803 with this new category and agreed to recommend to the PMG the allocation of it within T2S R2023.NOV.

Follow-up actions

- ECB team to check internally whether the AMI-SeCo advice should be sought within the approval procedure for the scoping of this new category of change request into a release: ‘Alignment Change Request’. [7 March 2023]

4. Clarification notes

Background documentation:

- SDD-PBR-0093 - PBI-220731 - Update of CFI code and recalculation of penalties

Outcome

SDD-PBR-0093 - PBI-220731 - Update of CFI code and recalculation of penalties

The CRG took note of the new solution proposed by 4CB regarding the update of the CFI code and recalculation of penalties. It was acknowledged that this solution did not imply a change in the record length and structure of the bulk file, minimising the impact on CSDs side. The CRG agreed with 4CB proposal and confirmed that the U2A functionality was also needed (new flag field to trigger recalculation of penalties). It was acknowledged that 4CB would provide the detailed solution in an updated version of SDD-PBR-0093.

Follow-up actions

- 4CB to provide an updated version of SDD-PBR-0093 including the main elements presented in the meeting. [15 February 2023]

5. New CRG recurrent deliverable

Background documentation

- Upcoming releases and change requests.

Outcome

Upcoming releases and change requests

The CRG took note that as a follow-up of the CRG meeting on 26 October 2022, a new recurrent deliverable was made available for this meeting. This stems from a request of NBB representative to have a document where the change requests either under detailed assessment or already allocated to a release was provided for the following three releases.

The CRG took note of the document and some members asked whether potential synergies could be seen with the material already shared with the PMG. The rationale was that a potential deliverable with the CRs and PBIs, either allocated or proposed for a release, could be provided as a common document for both the PMG and CRG.

The CRG took note of this new deliverable and agreed to have it for each meeting as a recurrent document and to assess whether it could be enriched also with the PBIs status.

Follow-up actions

- ECB team to provide the new recurrent deliverable for next CRG meeting and to assess whether a single potential deliverable could be provided considering the material already shared with the PMG regarding the PBIs. [07 March 2023]

6. New proposal on Delivery Plan of change requests

Background documentation: none

Outcome

New proposal on Delivery Plan of change requests

The CRG agreed to discuss this topic in the next CRG meeting on 7 March 2023 since the request initiator was not present in the meeting.

7. CRG action points

Background documentation

- List of CRG action points

Outcome

List of CRG action points

The CRG members agreed to launch a written procedure to review and agree on the proposed update for the list of CRG action points.

Follow-up actions

- ECB team to launch a written procedure to review and agree on the proposed update for the list of action points. [15 February 2023]

8. Any other business

Background documentation

- Consolidated feedback to the 2022 CRG Survey.

Outcome

Consolidated feedback to the 2022 CRG Survey

The CRG members took note of the results of the survey run to collect feedback on the functioning of the CRG. It was acknowledged that final average score was 4.5/5 meaning that the CRG members had a good satisfaction on this matter. The ECB team presented proposals to address some of the potential improvements that were provided by the CRG members, as follows:

- It was agreed that the material for each meeting should be provided with more days in advance so that the CRG had at least five business days when any resolution was sought.
- It was acknowledged that the number of written procedures were very high and that it could be useful to have either 1) an ASTRA/DARWIN functionality to know which procedures were running at any point in time. The ECB team will check internally whether this functionality is available or 2) an excel sheet listing the overview of written procedures.
- It was agreed to include a short statement explaining the aim of the discussion not only for items included under 3.1 'Change request under implementation' agenda point but also for items for which the reason to bring them in the agenda were obvious.
- It was agreed to bring in the main part of the agenda those items that worth a broader discussion.

Follow-up actions

- ECB team to check whether ASTRA supports a functionality to have an overview and track the written procedures that are running so that the CRG members can track them. [15 February 2023]
- Delivery plan of change requests (table document)
- Dashboard on cross-service impact of CRs (table document)
- The following CRG meetings are planned in 2023 (to be confirmed at least 4 weeks in advance)

7 March 2023	09:30-13:00	Webex
27 April 2023	09:30-13:00	Webex
31 May 2023	09:30-13:00	Webex
5 July 2023	09:30-13:00	Webex
6 September 2023	09:30-13:00	Webex
17 October 2023	09:30-16:00	ECB Main Building
5 December 2023	09:30-13:00	Webex