

SUMMARY OF THE 13th MEETING OF THE T2S DCP GROUP (DCPG)

Held in Frankfurt at the New ECB premises on 17 February 2016

0. Welcome and approval of the agenda

Mr Topa (Chairperson) welcomed the participants and the participants approved the agenda for the meeting. He also welcomed to the group two new members, Sean Saunders, Northern Trust replacing Nick Skinner and Katharina Tobiasch, Bundesbank replacing Christine Moser.

1. Review of recent open issues

1.1 DCP consolidated list

The members of the DCPG were provided with a hardcopy of the draft DCPs consolidated list awaiting the confirmation from the CSDs on the revised composition of migration waves. The DCPG was also informed of the next deadlines to provide the list of A2A DCPs for the final wave (14 March 2016) and U2A DCPs for wave 4 (11 April 2016).

The CSDs agreed to send a communication from the CSG Chair-Office requesting the CSDs to review and confirm the DCPs consolidated list making it aligned with to the new composition of the migration waves. The agreed deadline to provide the confirmation back to the ECB is Friday, 26 February 2016.

1.2 Recent consultations and briefings

The members of the DCPG were informed on the upcoming Technical Workshop on “T2S cash forecast and message output optimisation” and on the objectives of this Workshop due to the identification of potential enhancements on Cash Forecast during the first months of T2S in Production. Both CRG and DCPG members are invited to the Technical Workshop that will be held on 23 February 2016. As for the “message output optimisation” topic the Technical Workshop will use the information provided by the DCPs in the consultation on the unnecessary messages produced by T2S, which was sent out on the 20 November 2015.

1.3 CRG update

Mr Del Campo (ECB) provided the DCPG members with an update on the current scope for the forthcoming T2S Releases. He explained that the T2S release 1.1 will consist of 12 CRs and 174 fixes that will be deployed in production on the 5 March 2016. He further informed the DCPG on the current baseline scope proposal for the T2S release 1.1.5 and T2S release 1.2 that will contain 6 CRs and 51 fixes, and 8 CRs respectively. He also indicated that the CRG discussed the potential candidate CRs for the T2S release 1.3 during the CRG meeting on 8-9 February 2016 and intends to finalise the intended list of CRs for the T2S Release 1.3 on 24 February 2016.

Mr Del Campo also presented to the DCPG members some information on the UTSG topic UT-PBR-068 (“Processing order of settlement instructions vs their priority”) and informed that the CRG acknowledged that any change to the current design of the T2S settlement engine could not be possible in the short term, considering the complexity and high impact of the change, and that a CRG member agreed to collect in a “discussion paper” some business cases for which it is necessary to respect a guaranteed sequence. Ms Amend (Clearstream) was of the view that the current T2S behaviour should be considered as a defect in T2S and suggested that the DCPG addresses the topic to the AG. The DCPG agreed that Mr Topa would address the subject at the AG on the following day.

2. Information from other T2S groups, CBs and CSDs

The DCPG members were invited to take note of the information provided in this section, originating from other T2S groups, CBs and CSDs activities on items that are also relevant for the DCPs.

2.1 Information from Central banks

The NCBs did not have any information or updates to provide to the DCPG.

2.2 Information from CSDs

2.2.1 Status on the current planning on the T2S migration waves

Mr Topa informed DCPG that the CSDs had earlier in the AG provided an update on the new composition of the T2S migration waves and the interdependencies between the CSDs in relation to the migration waves (in line with recent announcements also published on the ECB website following the CSG meeting on 2 February 2016) and thus there was no need for the CSDs to debrief on the subject again.

2.2.2 CSG taskforce on insolvency procedures

Mr Heys (ECB) debriefed the DCPG members on the progress of the CSG taskforce on insolvency procedures. The taskforce finalised the legal analysis and produced a Collective Agreement (CA) that should be signed before the go-live of migration wave 2 in March 2016 and highlighted some procedural steps which would need to be taken in the event of the insolvency of a participant. The CSG has proposed 3 change requests for T2S which, if implemented, would help the NCBs and CSDs in meeting all their legal obligations under the SFD. The change requests are currently being analysed.

Ms Amend informed the DCPG that in the AG of that same day it was stated that the two supervisory authorities that were pending to accept the CA, Spain and Netherland, had now accepted the CA. Ms Amend further mentioned that she assumed the insolvency operational procedures would be addressed in the OMG and would be included in the T2S Manual of Operational Procedures; this should be confirmed by the OMG.

Mr Topa asked the CSDs what procedures are envisaged in the event of insolvency of a client of a CSD/NCB participant (irrespective of their DCP/ICP status). Mr Pattyn (ESES) stated that it was essential that the participants should clarify their needs. To this end, he offered to provide a presentation prepared by the Task-Force which examines different insolvency scenarios and looks at the requirements for each. This discussion might aid the participants and the CSDs in their considerations and further deliberations.

In conclusion the next steps are that:

- It is expected that the Collective Agreement will soon be signed. The three related CRs (CR558-559-560) are currently being reviewed. The definition of new insolvency procedures will be addressed in the OMG, for analysis on the practical steps and possible text to be added to the MOP.
- Now that the TF on insolvency procedures has completed the work on the CA, the issue of defining procedures for the management of the insolvency of a client of CSD/NCB participants will be raised again at the next CSG meeting, asking for agreement on a plan of action to resolve this issue (Issue B.1 in the Open Issues Register).
- CSDs will give a presentation to the DCPG on the insolvency procedures as discussed in the TF; this is to be scheduled in a future DCPG meeting.

An update on this subject will be given in the next DCPG meeting.

3. Open Issues Register

Mr Topa, debriefed the DCPG members on each individual open issue of the Register and suggested to make the following changes and updates in the next version of the Register to be published on the DCPG webpage:

A.2 CSD Authorisation: Still in progress, as reminder to CSDs to publish authorization criteria and test cases within six months before the start of the community testing phase for each migration wave.

A.9 General: DCPG members reiterated the request for CSDs to provide static data information; Ms Amend reported to the DCPG that further discussions are needed between the CSDs. On-going.

A.11 T2S Services not available in DCP mode: request to CSDs to provide timely updates remains on-going.

B.1 Settlement Finality: suggestion to change the description of this issue to "Settlement Finality and Insolvency Procedures". Status update: issue of insolvency procedures for the client of CSD/NCB participants to be raised again to the attention of the CSG

B.2 Settlement discipline: the status of this issue remains still in progress, following the publication by ESMA of proposed RTSs for the settlement discipline measures, which are now under review by the European Commission. The CSDs will address the topic in the next CSG and are expected to establish a taskforce to perform the analysis of possible harmonised implementation requirements in T2S by the summer of 2016.

B.3 Restriction rules and MSAs: request to CSDs to provide timely updates remains on-going.

B.5 Portfolio transfers: Mr Topa debriefed the DCPG members that European Banking Federation's taskforce is still currently working on this task. There will be a meeting beginning of March and the information will be delivered to the Harmonisation Steering Group. On-going.

B.8 Timing for the opening of new accounts: request to CSDs to provide timely updates on any freeze periods remains on-going.

B.11 Publication of pricing: request to CSDs to provide timely information remains ongoing.

B.13 Reimbursement of pending auto-collateralisation instructions: The DCPG members were informed that the Change Request T2S-0545-SYS (Separate release privilege for T2S auto-collateralisation reimbursement instructions), which addresses this topic, is currently part of the baseline scope for the T2S release 1.1.5.

B.14 Bulk-release functionality for pending auto-collateralisation instructions: The DCPG members were informed that the CRG put the Change Request T2S-0541-URD (Bulk-release functionality (U2A) for settlement instructions) on hold and it will be considered in future releases (T2S release 2.0 or later).

B.15 T2S is producing too many messages: There will be a Technical Workshop concerning this topic on the 23 February 2016.

The DCPG members agreed to these proposed updates.

4. Miscellaneous

4.1 Any Other Business

4.1.1 Involvement of clients of the DCPs in community testing

The DCP members highlighted to the CSDs the need to coordinate with their participants any changes to the T2S testing calendars, avoiding as much as possible any short notice announcements about potential unavailability of the community testing environment. This request was acknowledged and agreed to by CSDs.

4.2 Future DCPG meetings

- *26 April 2016 (CSG meeting - Frankfurt)*
- *14 June 2016 (CSG meeting - Madrid)*
- *5 July 2016 (AG meeting)*
- *20 September 2016 (CSG meeting)*
- *29 November 2016 (AG meeting)*