

## SUMMARY OF THE 14<sup>th</sup> MEETING OF THE T2S DCP GROUP (DCPG)

*Held in Frankfurt at the New ECB premises on 26 April 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 a new member, *Sofie Janssen, BONY Mellon, replacing Alain Dubois as an alternate member to James Cunningham.*

### 1. Review of recent open issues

#### 1.1 DCP consolidated list

The members of the DCPG were informed that an updated DCP consolidated list including the list of A2A DCP declarations for the Final Wave (14 March 2016) and of U2A DCP declarations for wave 4 (11 April 2016) was uploaded on the ECB DCPG webpage. The DCPG members were also reminded about the next deadlines to provide the list of U2A DCP declarations for the Final Wave (13 December 2016).

Clearstream representative, Ms Karla Amend, informed the DCPG members that although LCH Clearnet was not on the updated list, LCH had confirmed that they will be participating as a Securities DCP with Clearstream as of wave 4.

#### 1.2 Migration weekend wave 2

The representative of Interbolsa, Mr Rocha, debriefed the members of the DCPG on the success of the migration weekend of the wave 2. In his opinion the migration went smoothly and the stabilisation period after the migration ended 14 days prior to its planned date. No other member had any comments to add concerning wave 2 migration.

#### 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 current baseline on T2S release 1.1.5 will contain 6 CRs and 69 fixes. The T2S release 1.2 will contain 9 CRs and 20 problem tickets. He explained that the novelty from the previous DCPG meeting is the inclusion of the 20 tickets and the CR558<sup>1</sup> in the T2S release 1.2 (these were presented and approved by the CSG on 26 April 2016). In addition, the CRG has recently finalised the list of candidates for release 1.3, a total of 11 CRs, which are currently under detailed assessment with the 4CB until either 28 June or 20 July 2016. An additional CR593<sup>2</sup> could be considered for the release 1.3 in a CRG teleconference on 13 May 2016 following two new potential solutions proposed. It was also explained that the CRs raised by the CSG TF on Insolvency could have an impact on the CRs planned to be delivered for release 1.3

Ms Birkel (ECB) debriefed the DCPG members on the outcome of the CRG discussions during the CSG earlier that day. CR515 (Allow instructions from CSD participants for n days after maturity date of security) was discussed and a harmonised solution should be found for the next steps. CR603 (Processing order of settlement) is a new CR requesting that T2S should ensure that the oldest instructions settle before the newer, the CSDs are checking for which business scenarios the predicted ordering is required (e.g. avoid buy-ins).

Ms Birkel (ECB) also informed that the 4CB will prepare Scope Defining Documents (SDD) clarification notes to explain the potential solutions for addressing problem tickets, instead of raising Change Requests linked to the problem tickets. The CRG will provide a functional assessment on the SDD clarification notes for consideration by the OMG. Any change in the scope defining documents due to problem resolution agreed by the OMG would be included into editorial CRs. It was explained that the first two SDD clarification notes were supported by the CRG and a third one is still under discussion.

The DCPG members were invited to participate in two workshops, i) "Technical workshop on T2S settlement optimisation" on 4 May 2016 and ii) "T2S GUI usability workshop" on the 8 June 2016, the latter workshop Ms Birkel has requested DCPG input on any additional GUI usability topics by the 6 May, which may be addressed to the e-mail addresses of Mr Del Campo's or of the DCPG.

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<sup>1</sup> CR 558 - Enhance functionality to prevent acceptance (i.e. reaching SF1) of new settlement instructions based on the DCA holder from the CSG TF on insolvency procedures.

<sup>2</sup> CR593 Prevent acceptance (i.e. reaching SF1) of new settlement instructions at the level of a CSD Participant, from the CSG TF on insolvency procedures.

## **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**

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

#### **2.2.1 CSG taskforce on insolvency procedures**

Mr Pattyn (Euroclear) gave the DCPG members a presentation describing the process agreed in the CSG Task Force on insolvency procedures. The presentation was focused on the operational requirements and the operational processes more than the legal requirements. He explained the six scenarios defined by the CSG TF centred on the time of entrance of an instruction to the T2S platform and the moment of insolvency. Based on the scenario an application rule will be applied on the transaction, i.e. no action, cancellation, hold, rejected etc. The action taken on the instructions on a securities account and/or DCA of the insolvent party will be taken by the CSDs and the NCBs under which that specific account is open. He also indicated that there were some weaknesses within the T2S platform to enable a smooth process, especially, on the level of the DCA as restrictions via MSAs cannot be placed and the DCA needs to be completely blocked, which might be excessive as it might block more instructions than actually needed. To mitigate these weaknesses CR558 and CR593 were opened. Another weakness described was use of a default DCA on an instruction as the DCA is not identified, thus CR547 was raised to solve the issue (however, further analysis indicated that CR547 would not be the best solution and therefore it has been withdrawn, other solutions are under study).

Mr Pattyn informed that the Collective Agreement must be signed by all CSDs and although there is an agreement to its signing by CSDs, the latter have established some prerequisites. These being that CR558 must be implemented in release 1.2 and CR560 is made ready for deployment before migration wave 4. The latter CR is currently under detailed assessment by 4CB, which should finalise the assessment by 20 July 2016; the CSG has requested 4CB to make a standalone implementation ready for deployment before wave 4.

Ms Birkel informed the DCPG members on the status of CR559 that has been put on hold the CRG and CR600 that needs an ISO change on the timestamp to modify instructions and queries. The latter CR is also needed by the CSDR.

Mr Topa thanked the CSG Chair-office for the information provided and appreciated the work done in the CSG TF on insolvency procedures. However, he stressed that the work has focused on the CSD needs and not from a participant level, and therefore, in the view of Mr Topa (also endorsed by other DCP representatives) further work would be required to cater for the needs of the CSD participants.

### **3. Open Issues Register**

Due to time limitation the DCPG members were only informed of one open issue. This being B.3 Restriction rules and MSAs: Mr Terol (ECB) provided the DCPG member with an update of the current scope of the XMAP. He mentioned the expectation that the best market practice which has been circulated to the NUGs should be rolled over from the CSDs' participants to reach the originators of the SSIs. The next deliverable is the upcoming version of the catalogue of restrictions rules which will be updated for July 2016.

### **4. Miscellaneous**

#### **4.1 Any Other Business**

Members of the DCPG did not raise any issue.

Mr Topa informed that the next DCPG meeting will be on the 15 or 16 June 2016 in Madrid.

#### **4.2 Future DCPG meetings**

- *15 or 16 June 2016 (CSG meeting - Madrid)*
- *5 July 2016 (AG meeting)*
- *20 September 2016 (CSG meeting)*
- *29 November 2016 (AG meeting)*