

22 July 2024

OUTCOME OF THE T2 CONTACT GROUP (T2-CG)

12 June 2024, 10:00 – 16:00 CET

Hybrid (Brussels and Teams)

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1 Introductory remarks and approval of the agenda

The Chairs will welcome the participants to the meeting and invite T2-CG members to approve the draft agenda and agree on the status of the action points.

T2-CG members are invited to approve the agenda and action points list.

Background documentation (for information or approval without discussion):

A. *T2-CG Action Points ([DARWIN](#), [ASTRA](#)) (remained open after the 15 February 2024 T2-CG meeting)*

Outcome:

The T2-CG members approved the agenda and were informed on the status of the action points list:

AP-004 “status update on the Capacity/Demand Management for 2024-2026” was the only AP that was still open. ECB informed the T2-CG members that according to the latest information delivered by the 4CB, the Implementation Capacity for years 2024-2026 is sufficient to match the T2 Demands for years 2024-2026. Following this update, the action point was closed.

2 T2-CG general topics

2.1 Outcome of the last meetings

The members of the T2-CG will be invited to approve the outcome of the last T2-CG meeting.

Background documentation (for information or approval without discussion):

A. *[ECB] Outcome of the 5th T2-CG meeting ([DARWIN](#), [ASTRA](#)) [sent on 27/03/2024]*

Outcome:

ECB informed the T2-CG members that the final outcome of the previous meeting incorporating T2-CG feedback was circulated on 27 March 2024. As no further comments were received from the T2-CG in the meeting, the outcome was considered approved.

3 T2 Operations

3.1 Regular reporting on operational matters

The T2-CG will be informed of the latest operational matters. Moreover, the participants will be briefed on the system performance since the latest T2-CG meeting.

Discussion documentation:

A. *[ECB] Regular reporting on operational matters ([DARWIN](#), [ASTRA](#)) [sent on 07/06/2024]*

Outcome:

The T2-CG members received an update on the T2 performance since the last T2-CG meeting. Two incidents were reported, both related to the running of the maintenance window (MW). In the first case (2 May incident) the MW did not close on time resulting in a delay in the start of RTGS RTS II. In the second case (4 May incident) the MW did not start on time resulting in T2 remaining in RTS

period for longer. The impact on the participants can be considered limited for both incidents. Still, the adequate measures to avoid reoccurrences were already put in place.

During the MW incidents, another problem materialised on the 4CB side, i.e. malfunctioning of the alarms / callouts which should be triggered to the relevant team. Because of this, the CBs were only informed of the MW incidents after they were already fixed. Consequently, the CBs could not actively communicate the incidents to the market participants. The CBs recently discussed this incident and agreed that in case of a similar incident in the future, this should always be communicated to the market even if CBs receive information about the incident ex-post to allow that participants have all available information. The CBs would in this case use their standard communication channels (typically email) while the information on the incident would also be publishing via the CLM and RTGS broadcasts.

Then the T2-CG members were given an update on the T2 June release deployment and on the operations of the system in the first two business days following that deployment. The deployment itself was successfully completed but with approximately five hours of delay. In addition, the maintenance window started earlier as agreed, i.e. it started on Sunday morning at 01:22 am instead at 11:00 am. Consequently, T2 participants were given only a limited amount of time for transmitting RTGS transactions during the RTGS RTS I business day phase. Moreover, there were minor incidents affecting the platform during the first and the second day after the deployment. It will need to be further analysed (i) why the deployment lasted more than 24 hours; and (ii) the root causes for the incidents which materialised after the deployment.

The T2-CG members were also informed on the status of the future updates of the Infoguide. The June 2024 version has now been published on the ECB website while the work on November 2024 version already began. This version will, inter alia, contain updates related to the go-live of the ECMS and the introduction of the multi-currency aspects.

Lastly, the chairperson informed the T2-CG members that the responses to the Financial Stability Board (FSB) questionnaire have now been updated and shared with the CBs. The updates are only related to citing the correct TARGET Guideline articles and to the changed TARGET terminology while there are no fundamental differences with the responses made in the past for TARGET2. The CBs will include country specific elements into the questionnaire over the summer and will share the document with their participants shortly afterwards.

4 T2 Analytics

4.1 T2 traffic developments

The T2-CG will be presented with the latest T2 traffic indicators.

Discussion documentation:

A. [ECB] T2 traffic developments ([DARWIN](#), [ASTRA](#)) [sent on 07/06/2024]

Outcome:

The T2-CG members were updated with the latest value/volume of the settled and un-settled traffic in T2 and the total liquidity across TARGET Services. It was noted that an all-time high volume of settled transactions was observed on 2 April 2024 (Tuesday after Easter) when 752,479 payments

were settled. This very high volume was absorbed without any negative consequences on the system's performance.

The chairperson informed the T2-CG members that the [TARGET Annual report 2023](#) has been published on the ECB website last week where they may find the in-depth analysis of the traffic recorded in T2 in 2023.

It was agreed that a presentation on the level of tiering in T2 (relationship between the direct and indirect participants) will be presented in the next T2-CG meeting.

5 T2 Evolution - Change and Release Management

5.1 T2 Releases

The participants will be updated on the T2 R2024.JUN, T2 R2024.NOV and T2 R2025.JUN releases.

Outcome:

Participants were reminded of the deployment on 8 June 2024, of the T2 R2024.JUN to Production, on which more details were provided under agenda item 3.1.

The T2-CG members were informed that their request to have the non-binding XSDs (message schemas) published in MyStandards for the T2 community (and not only for the T2-WG) was feasible. This new approach is already in place for the T2 R2024.NOV release with the publication of non-binding XSDs in MyStandards for the T2 community on 7 June 2024. This will be the case for all upcoming T2 releases from now onwards. An updated main milestones table for the T2 R2024.NOV was published on the ECB website reflecting this change. Following the request to bring forward the publication date of the non-binding XSDs, the ECB and 4CB agreed to analyse the point and inform the T2-CG accordingly. The current publication date was considered by one member as late and that it does not allow for sufficient testing time considering also that the next months are holiday season for many employees. Nevertheless, a 4CB representative reported that the non-binding XSDs are already quite stable and changes in the final XSDs are rather limited, meaning that participants may start their assessments on the non-binding versions to have more time.

Finally, participants were informed that the main milestones table for the T2 R2025.JUN is under drafting and will be published on the ECB website in the beginning of July.

The ECB also highlighted a change in the T2 R2025.JUN calendar dates compared to the standard deployment planning. The deployment dates to UTEST and PROD are both being shifted by 5 business days to support the DKK migration to T2 and TIPS in April 2025.

5.2 Ongoing Change Requests Assessments

The T2-WG will be provided with a status update on selected ongoing Change Requests:

A. T2-0060-UDFS "Intraday propagation of reference data"

- The Change Request is under Preliminary Assessment and will be published on the ECB website once this assessment is completed.

B. T2-0132-SYS “Alignment of T2 Messages with ISO Maintenance Release 2020 – 2024”

- The 4CB performed a re-detailed assessment of the change request in order to cover for the latest ISO MR 2024 updates issued at the end of 2023. The re-assessment was approved by the T2-WG. The implementation approval is on-hold due to the ongoing discussion on the ISO unfreeze replanning. Afterwards, the CR132 scope will be extended and be brought for re-assessment.
- In this context, participants will be presented with the latest status of the ISO 20022 Message Unfreeze Strategy focused on the required replanning following the revision of the ECMS go-live to November 2024.

C. T2-0139-UDFS "Interim balances in camt.053"

- The Change Request is under Preliminary Assessment and will be published on the ECB website on this assessment is completed.

D. T2-0142-SYS “IBAN Checksum Validation in A2A”

- The first draft of the Change Request was prepared and is being reviewed by 4CB.

Discussion documentation:

- A. *[ECB] ISO 20022 Message Unfreeze Strategy - Draft for discussion in T2-CG ([DARWIN](#), [ASTRA](#)) [sent on 07/06/2024]*

Outcome:

- A. Regarding CR T2-0060-UDFS participants were informed that the CR is currently under Preliminary Assessment and once completed, the CR will be published on the ECB website.

The ECB elaborated on the background of this CR reminding the consultations with the T2-CG and T2-WG which were conducted earlier this year and whose outcome led to the definition of the scope of the CR. It was clarified that all reference data related to routing have been removed and copied to a separate CR (NSP dual connection). Some of the objects which were taken into account in the CR scope are related to access rights management (e.g. users, roles, certificate DN, user-certificate DN link) but also SBAGs and floor/ceiling amounts. Additionally, the ECB clarified that the proposed release for the CR will be decided after the Preliminary Assessment is delivered.

- B. The implementation approval for CR T2-0132-SYS, is currently on-hold due to the ongoing discussion on the ISO unfreeze re-planning.

In this context, the members were also presented with the ISO unfreeze re-planning following the revision of ECMS go-live in November 2024 and the 1-year shift of the original timeline from June 2025 to June 2026.

Some T2-CG members requested further clarification on the rationale behind the two-step approach. The ECB and 4CB clarified that this planning was already shared and approved in the past by all stakeholders and now the only change is to have it shifted by one year forward. The reason for the two-step approach is to de-risk the transition to annual real-time maintenance releases. Various stakeholders have flagged that a one-step approach is not feasible for them as they need to upgrade their messaging across multiple TARGET Services. An interim step is required to "catch up" from MR2019 to MR2025 (or MR2024) before the actual real-time maintenance release 2026 can happen in November 2026 in a controlled fashion.

In addition, the ECB explained that before the start of the 6-month testing period (end Q4-2025 until mid Q2-2026), it will be communicated whether the testing should be for MR2019-MR2025 or only up to MR2024. This will depend on the result of the detailed assessments of the MR2025 scope CRs.

- C. Finally, CR T2-0139-UDFS is under Preliminary Assessment and will be published on the ECB website once the respective assessments are completed.
- D. The CR T2-0142-SYS is currently under initial review by the T2-WG. Both change requests were of high interest for the T2-CG.

5.3 Functional topics for discussion

5.3.1 Inter-service liquidity transfers potential restrictions

A consultation across communities was launched in order to collect input on the potential need for Inter-service liquidity transfers restrictions. The T2-CG members will be briefed on the outcome of these consultations.

Discussion documentation:

- A. *[ECB] Inter-service liquidity transfers potential restrictions - feedback from the communities ([DARWIN](#), [ASTRA](#)) [sent on 05/06/2024]*

Outcome:

The T2-CG members were presented with the consolidated feedback received during the T2-WG consultation which was aimed to collect feedback across the communities on the potential need for Inter-service liquidity transfers restrictions. It was clarified that the topic will be further discussed with the T2-WG and 4CB before agreeing on the way forward.

In terms of quantitative feedback, participants were informed that some respondents provided aggregated figures for their whole respective communities, whereas others submitted separated forms, one per participant. Considering the limited number of aggregated figures and the non-involvement of large T2 communities, the outcome of the consultation was still considered as meaningful. However, in order to ensure data accuracy and data-based conclusions, the ECB reminded for future reference to ensure that separate figures are provided by participant.

Some participants requested that the co-management of accounts is carefully considered in case limitations for inter-service LTs are introduced. Based on specific business models of some co-manager participants, restrictions on inter-service LTs would introduce some additional operational burdens and risks as it would require to create and maintain additional Liquidity Transfer Groups for co-manager/co-managee relationships.

One market participant flagged that the issue concentrates only on U2A. The ECB replied that, although the current risk with liquidity transfers only exists in U2A and not in A2A', it should be avoided having different rules for U2A and A2A and therefore did not support the suggestion to keep the A2A liquidity transfers untouched and only focus on the U2A ones.

5.3.2 Allow T2 standing order for technical accounts to be processed at other times than T2 start of the new business day (phase RTS I at 19:30)

The EBA Clearing will present a high-level demand aiming at introducing time-driven standing orders LTs to AS technical accounts instead of the current event-driven implementation.

Add possibility to indicate ultimate beneficiary in ECONS II transfers

The EBA Clearing will present a high-level demand related to the possibility to specify in the U2A payment message the ultimate beneficiary of the fund e.g. the BIC of the beneficiary.

T2-CG members will be invited to share their initial views.

Discussion documentation:

- A. *[EBA Clearing] Potential CR proposals for T2 and ECONS II ([DARWIN](#), [ASTRA](#)) [sent on 10/06/2024]*

Outcome:

EBA Clearing proposed to raise two change requests introducing the following two system enhancements:

- To allow RTGS standing order to technical accounts to be processed at other times than only at the start of the new T2 business day. This would allow EURO1 participants to provide liquidity to the system in an automatised manner already at the time of EURO1 business day opening, i.e. at 2:30 in the morning. Exploring the possibility of introducing additional windows for the execution of standing orders to AS technical accounts (in addition to the 19:30 cut-off) has been supported also by some other T2-CG members. It was agreed that further investigation is made as to whether also other AS see benefit in introducing such functionality. Furthermore, it was agreed that the 4CB will check as to whether there is a special reason/history for not having a standing order event at the beginning of RTGS RTS II.

The proposed change will be included in the backlog of topic for future discussion with the CBs and is going to be subject of the CB change request prioritisation.
- To add possibility to indicate the beneficiary in ECONS II transfers. Currently, only sender and receiver BIC are defined in ECONS II transactions while it is not possible to indicate the BIC of the final beneficiary. This is relevant for STEP2 system where the funding of the technical account is in many cases executed by direct participants which provide liquidity for other / indirect STEP2 participants.

Adding the final beneficiary to ECONS II payments could be achieved by either introducing a dedicated field or by increasing the size (by at least eleven digits) of the already existing reference field (named: "payment type") which now only supports four digits.

The DK CB representative proposed that another field/additional digits are added also on the debiting side indicating the first agent BIC.

The T2-CG agreed that the proposed change is introduced in the backlog of topic for future discussion with the CBs and is going to be subject of the CB change request prioritisation. During

the assessment phase, a balance between the complexity and benefit will need to be considered when deciding on the extent of potential upgrades introduced in ECONS II.

In the context of the discussion of this high-level demand, the ECB invited the Citi Bank representative to introduce additional questions which were shared via email

More specifically the questions from Citi Bank were related to the following:

i) Currently the CRDM component allows automation of liquidity transfers to be set up based on business day events and if floor/ceiling thresholds are breached. The question was whether the CRDM component would be enhanced to allow automation of liquidity transfers based on times set by participants. This would allow users to tailor an automated solution, to satisfy their bank business unique intraday funding needs, whilst reducing capacity consumption and operational risks.

ii) When would it be possible to set up automated liquidity transfers in CRDM to fund/defund TIPS when ceiling and floor thresholds are breached. Currently only notifications are available, however, to reduce operational risks, it is essential to leverage the functionality to set up automated liquidity transfers for this scheme.

iii) Currently only T2S direct participants, can use their access to the T2S component to monitor their auto-collateralization (AC) funding requirement. Considering there are many T2S indirect participants which might benefit from monitoring the AC requirement using CLM, the question is whether it would be considered to enhance CLM component to display together with the cash position also the AC funding requirement. This would allow speed and efficiency in the management of the liquidity for T2S via a unified component to both direct and indirect participants.

For the point i), the conclusion in the meeting was that linking an action to an event is preferred from having time-driven events as the latter always bears risks in situations where the normal business day schedule is delayed or changed.

For the point ii), the ECB will check with the relevant team on TIPS on the status of a TIPS CR which is potentially addressing the point.

For the point iii), it was agreed that Citi Bank will provide an updated clarified description of the question before it is shared with the relevant T2S team within the ECB for further processing.

5.4 DWH

5.4.1 Remaining scope of DWH pre-defined reports

The participants will be presented with an update on the scope and planning for the T2 R2024.NOV in terms of DWH pre-defined reports.

Discussion documentation:

A. *[ECB] Remaining scope of DWH pre-defined reports (DARWIN, ASTRA) [sent on]*

Outcome:

The ECB reminded that based on the acceptance criteria exercise 28 out of the 45 DWH reports were formally accepted after T2 R2023.NOV. Regarding the 17 outstanding reports, 7 could possibly be accepted after the T2 R2024.JUN following the corresponding acceptance test campaign in June 2024.

Participants were also informed that the 15 reports which are relevant for participants (Payment banks and/or Ancillary systems) were all deployed and activated in PROD, but only 12 have been formally accepted with the R2023.NOV release. Additionally, ECB clarified that although the 12 reports present a green status, there might still be open issues being investigated by 4CB and/or they may not be user-friendly in terms of usability. Nonetheless, the green status indicates that the content is correct.

Regarding the usability of the DWH reports, ECB committed to check with 4CB whether some statistics could be provided.

One market participant reminded of an issue linked to DWH report MIR01 where in A2A delivery there is currently the information on the MR period missing whilst it is present in U2A.

A 4CB representative explained that the issue is known, related to a general file problem and 4CB is currently searching for a solution on that matter – the point will be followed-up in the next meeting.

5.5 Capacity/Demand Management

The participants will be provided with an update on the CR Implementation Capacity and Demand.

Outcome:

An update was provided in the context of the action points status update under agenda item 1.

6 Any Other Business