

Outcome of the Change Review Group (CRG) meeting

26 March 2018

1. Introductory session

Outcome

The CRG chairperson welcomed the participants and presented the agenda. The chairperson informed that he was invited to nominate three CRG representatives for a CSG workshop on settlement efficiency which will be organised and chaired by the National Bank of Belgium SSS on 3 May 2018. CRG members were invited to express their interest to the CRG chairperson by 28 March 2018 cob.

2. CRG action points list

Outcome

The chairperson invited the CRG members to provide written comments, if needed, to the ECB team regarding the CRG action point list.

On action point T2SACTION-3199 (Two factor authentication - German NSG feedback), the Deutsche Bundesbank representative provided an update on the German National Stakeholder Group (NSG) discussions and informed that the NSG deemed the Soft Token/RSA Token as viable alternative solution providing a strong authentication as requested by the Information Security Subgroup (ISSG). The solution should not only be considered for the login to T2S (user authentication) but also for the implementation of non-repudiation of origin (NRO). Moreover, the CRG members were of the view this change should be considered in the context of the future Eurosystem Single Market Infrastructure Gateway (ESMIG) specifications, so that any future potential solution is consistent across the different Eurosystem market infrastructure services. Deutsche Bundesbank will update the CR-444 (User authentication without USB-token/SmartCard for GUI-access) accordingly.

On action point T2SACTION-3162 (Categorisation of Change Requests - The ECB will draft definitions for the different categories), the CRG adopted the following category descriptions:

- *Regulatory compliance:* The CR results from a change in the legal or regulatory framework applicable to T2S actors or relevant to T2S itself.
- *Standards compliance:* The CR results from the T2S harmonisation standards or other published standards that are relevant to T2S operations.
- *Scope enhancement:* The CR introduces a new feature or functionality in T2S, and is not driven by regulation or standards.
- *Maintenance:* Any CR that doesn't fit in one of the previous categories.

Follow-up action:

- CRG members to provide comments on the closure of action points to the ECB team by 6 April 2018
- Bundesbank to provide updates to CR-444 by 6 April 2018

- ECB team to inform the T2-T2S Consolidation project team of the updated requirements of the German NSG
- ECB team to inform the CSG [12 April 2018] of the category descriptions adopted by the CRG

3. CRG in the new Operational Governance Framework

Outcome

Some CRG members commented on the missing minimum timelines regarding the CRG input to the RMSG on the baseline release scope. Although the new Framework is very high level on this point, the CRG members agreed to introduce a clarification in the CRG note regarding the required cooperation of the two groups in setting the relevant deadlines.

Follow-up action:

- ECB team to provide CRG members with the revised note by 29 March 2018
- CRG members to provide comments on the revised note to the ECB team by 6 April 2018

4. CR house-keeping exercise

Outcome

CRG members took note of the updates of the below CRs circulated prior to the meeting. The CRG concluded that the requirements of these CRs were stable and complete, and took note of the 4CB remark that the requirements were not necessarily compliant with the current T2S design.

- T2S-0541-URD (Bulk-release functionality (U2A) for settlement instructions)
- T2S-0611-SYS (Cash Account Postings GUI Screen to include the T2S Actor References)
- T2S-0614-SYS (Matching status should be included in sese.024 status messages for unmatched instructions when a pending reason is reported)
- T2S-0638-SYS (T2S should allow and process already matched instructions which include the counterparty's securities sub-position to be used for settlement purposes)
- T2S-0658-SYS (T2S should allow and process already matched instructions with deviating settlement parameters on DELI and RECE legs)

As per the new T2S Operational Framework, these CRs are now available for further detailed assessment subject to the scoping analysis of the RMSG/PMG.

5. Analysis of change requests

Outcome (common to several CRs)

CRG members requested that preliminarily assessed CRs whose requirements are now considered stable and complete by the CRG, but which were not ranked in August 2017, be included in the CRG ranking of CRs following an *ad hoc* delta ranking exercise.

Follow-up action:

- CRG members to provide business values on the latest preliminarily assessed CRs (CR-544, CR-671, CR-675) by 13 April 2018
- ECB team to organise a dedicated CRG teleconference to present the theoretical updated ranking and for CRG members to agree on final adjustments once business values are available

5.1 Detailed assessed change requests

Outcome

Based on the detailed assessments of the below CRs, the CRG agreed to recommend to the T2S Steering Level the approval of these CRs and their inclusion in T2S release 3.0, subject to scoping analysis of the RMSG [19 April 2018].

- T2S-0520-SYS (Add new fields to T2S messages sese.020, sese.024 and sese.025 needed for CA processing)
- T2S-0542-SYS (Enrich the Bank To Customer Debit/Credit Notification (camt.054) with data elements securities account Owner Parent BIC and securities account Owner Party BIC)
- T2S-0543-URD (Minimum amount for auto-collateralisation transactions)
- T2S-0587-SYS (Alignment of ISO transaction codes across various T2S ISO messages)
- T2S-0590-SYS (Include information from the underlying settlement instruction in the T2S 'Bank to customer statement (camt.053)' and in the T2S 'Bank to customer debit credit notification (camt.054) messages for Settlement, Custody/Asset servicing and Reconciliation)
- T2S-0670-SYS (Logical deletion and purge of matured ISINs together with their related links) - subject to a written procedure with CRG members until 6 April 2018

Following the clarification provided by 4CB that different TARGET services might have different message schemas, reflecting different business needs, when the T2-T2S Consolidation project is completed, CRG members welcomed the chairperson's proposal that the ECB team will provide further information on this topic at the next CRG meeting.

Follow-up action:

- CRG members to provide comments on CR-670 until 6 April 2018
- 4CB to update the main cost drivers of CR-543 in the detailed assessment for clarity purposes by 6 April 2018
- ECB team to inform the RMSG of the CRG decisions for the RMSG meeting on 19 April 2018
- ECB team to prepare a presentation regarding message schemas post T2-T2S Consolidation at the CRG meeting on 4 July 2018

5.2 Preliminary assessed CRs

T2S-0544-SYS (Retroactive Cash Restriction (Cash Blocking and Reservation))

Outcome

The 4CB presented the preliminary assessment of CR-544. The CRG members took note of the functionalities included with a particular focus on the following two clarifications.

- If a T2S actor tries to add or remove a restriction reference on an instruction that has already partially settled, T2S will reject the amendment.
- The Central Bank's or payment bank's statement of pending/executed amendment instructions on intra-position movements and settlement instructions (semt.031) will not contain amendment instructions sent by this Central Banks or payment bank due to the cross-system entity privilege provided by the securities account owner. CRG members agreed that this should be clarified in the text of the CR, and invited the 4CB to propose a possible wording for this clarification.

Follow-up action:

- 4CB to propose changes to the CR wording to add the clarification on the scope of the semt.031 in cross-system entity situations by 6 April 2018
- CRG members to provide comments on the amended CR by 13 April 2018

T2S-0652-SYS (Increase the limit of distinct values for the parameters relating to message subscriptions)

Outcome

CRG members took note of the updates made to the CR by its initiator. The CRG concluded that the CR requirements were stable and complete and agreed to recommend to the Steering Level the launch of the detailed assessment of CR-652 in view of T2S release 3.0. The ECB team will liaise with the RMSG regarding the release scoping analysis [RMSG conference call on 29 March 2018].

Follow-up action:

- ECB team to seek the RMSG view on the CRG recommendation to launch the CR-652 detailed assessment by 29 March 2018
- ECB team to seek Steering level approval on the launch of the detailed assessment by 13 April 2018

T2S-0671-SYS (Storage and reporting of the Beneficial Ownership indicator for Settlement Instructions in T2S)

Outcome

CRG members agreed to keep the current wording of the CR, excluding any update to Data Migration Tools (DMT) and flat file reports, as no business scenario was identified in which the Beneficial Ownership indicator would be used in DMT or flat file reports.

In addition, CRG members agreed that only the values 'Yes' or 'No' of the beneficial ownership flag in the settlement instruction should be stored and reported by T2S in the outbound messages. The CRG concluded that the requirements of CR-671 were stable and complete, making CR-671 eligible to ranking.

CRG members engaged in a discussion on the need to keep DMT and flat file specifications aligned with A2A messages as standard principle¹. The CRG will continue this discussion on the basis of an ECB team presentation during the next CRG meeting. In this respect, the ECB team will seek the OMG input on the need to update the DMT for operations purposes.

Follow-up action:

- ECB team to provide background material on the need to align flat files and DMT specifications with A2A messages, in view of its next physical meeting on 4 July 2018

T2S-0675-SYS (Add ISIN as Search Criteria in Eligible counterpart screen)

Outcome

The CRG concluded that the CR requirements were stable and complete. CR-675 is therefore eligible to ranking.

5.3 Other change requests

5.3.1 Candidates for preliminary assessment

T2S-0668-SYS (Provide the T2S reference of the linked instructions preventing settlement)

Outcome

Considering the comments received on CR-668, CRG members were of the view that the "Additional reason information" field could be used to carry the linked instructions' T2S references, and that an ISO

¹ The UDFS section 4.6 (Flat file EoD reports format specifications) states that end-of-day reports follow a like-for-like approach to the report content of the already available XML versions.

CR was not needed. In addition, the CR initiator expressed a preference to not include this information in queries and reports. Based on these clarifications, the CRG decided to launch the preliminary assessment of CR-668.

One CRG member observed that the use of additional information fields as an alternative to ISO Change requests tended to make T2S usage increasingly specific at the expense of compliance with global standards. Other CRG members were of the view that some flexibility, within the ISO schema, is welcome in order to facilitate new market developments. VP representatives agreed to provide material for a structured discussion on this topic during the next CRG meeting.

Follow-up action:

- Euroclear to update the CR by 29 March 2018
- 4CB to indicate the expected delivery date of the preliminary assessment by 13 April 2018
- VP to provide material for a structured discussion on the use of additional information fields as an alternative to ISO Change requests by 26 June 2018

T2S-0677-SYS (During partial settlement windows, recycling should only be triggered after an optimization attempt)

Outcome

CRG members took note of the new CR and had no further questions to the initiator. The 4CB required additional time to review the CR in further detail, therefore CRG members agreed to decide on the launch of its preliminary assessment via a written procedure.

Follow-up action:

- 4CB to raise any comments on CR-677 by 6 April 2018
- ECB team to initiate a CRG written procedure until 13 April 2018 on the launch of the preliminary assessment of CR-677

5.3.2 Editorial CR

T2S-0676-SYS (Multiplex Editorial Change Request on UDFS and UHB)

Outcome

CRG members asked to have additional time for any extra comments they may have prior to making a recommendation on the approval of the CR to the T2S Steering Level.

Follow-up action

- 4CB and ECB team to clarify a potential discrepancy between the wording of CR-676 item 10 and the related SDD-PBR-0022 by 29 March 2018²
- ECB team to initiate a CRG written procedure until 13 April 2018 on the recommendation for approval of CR-676 to the T2S Steering Level

6. Analysis of operational topics referred to the CRG

6.1 SDD-PBR-0039 (Counterparty's Settlement Instruction on Hold / Release Status Advices won't be reported any longer if one of the instructions refers to a realignment instruction)

Outcome

² After verifying, CR-676 item 10 is confirmed to be consistent with the *updated* SDD-PBR-0022 approved by the CRG in a written procedure from 20 December 2017 to 5 January 2018. The ECB team will update the version of SDD-PBR-0022 published on the CRG webpages.

CRG members invited the 4CB to provide additional clarifications both in the note SDD-PBR-0039 and in the proposed changes to the UDFS, to describe in further detail in which business scenarios the reporting by T2S would change, and how it would change.

Follow-up action:

- 4CB to provide an updated version of SDD-PBR-0039 by 6 April 2018
- ECB team to initiate a CRG written procedure until 13 April 2018 with regard to the CRG recommendation on SDD-PBR-0039

6.2 SDD-PBR-0040 (Alignment of Queries concerning Central Bank- and client-collateralisation)

Outcome

The 4CB confirmed that the changes to message schemas foreseen to solve the production problem related to SDD-PBR-0040 would be communicated to CRG and UTSG members in the same way as changes to message schemas introduced by a CR, i.e. non-binding message schemas would be sent to CRG and UTSG members 8 weeks before deployment to the interoperability environment (EAC).

Given the late delivery of the clarification note, CRG members requested additional time for a more in-depth review of the note.

Follow-up action:

- ECB team to initiate a CRG written procedure until 13 April 2018 with regard to the CRG recommendation on SDD-PBR-0040

6.3 CRG-PBR-0010 (Dependency checks upon deletion of static data objects still referenced by another static data object)

Outcome

CRG members welcomed the information contained in the note detailing the list of objects for which, upon deletion by a T2S user, T2S does not check if they are referenced by another object.

Some CRG members proposed that this clarification could be part of the T2S documentation. The ECB team and 4CB indicated they would consider the most suitable option to publish the information taking into account the procedure followed so far in similar clarification actions.

Follow-up action:

- CRG members to provide comments on CRG-PBR-010 by 13 April 2018
- ECB team to make a proposal during the next CRG physical meeting regarding the most appropriate way to publish the clarification included in the CRG-PBR-0010

6.4 Applicability to PFoD instructions of Restriction rules defined for receive and delivery instructions

Outcome

CRG members agreed that a clarification of the applicability of restriction rules to payment free-of-delivery (PFoD) instructions in the UDFS would be welcome.

Follow-up action:

- 4CB to provide CRG members with the editorial changes related to the applicability of restriction rules to PFoD instructions in view of the CRG meeting on 26 June 2018 at the latest.

7. Any other business

Euroclear presentation on settlement optimisation in the context of French auctions

Outcome

The 4CB indicated that the incident was under investigation and highlighted that based on the description provided by Euroclear to the CRG, a change of the observed T2S behaviour would likely require modifications in the settlement algorithms.

Follow-up action:

- 4CB to share its analysis on settlement optimisation in the context of French auctions by 20 April 2018

Restructuring of T2S on MyStandards

Outcome

The 4CB presented a series of changes to the way T2S information would be structured in MyStandards from R3.0 onwards, to ease publication, administration and maintenance processes and the search and download of relevant information by users. CRG members agreed to provide their suggestions in writing until 30 March 2018.

Follow-up action:

- CRG members to provide comments on the proposed changes to the organisation of T2S information in MyStandards by 30 March 2018

Incorporation of updates to ISO standards in T2S

Outcome

CRG members welcomed the 4CB initiative to join relevant ISO bodies to monitor upcoming changes to ISO standards used in T2S. In this respect, the 4CB will check if any ISO standard used in T2S has changed during the detailed assessment of the T2S CRs related to the upgrade to a new ISO 20022 Maintenance Release. If there were no planned yearly update of the ISO 20022 messages, the 4CB would check if new/revised ISO standards have an impact in the T2S internal business rules/GUI. If required, the 4CB would issue the corresponding CR.

Status update on the registration of Pillar III messages

Outcome

CRG members took note of the 4CB update, in particular of the fact that the migration of T2S to the registered message would require a T2S CR. 4CB indicated that it would inform the CRG members as soon as possible on the changes that would result from ISO registration of messages, end-May 2018 being an indicative target.

Follow-up action:

- 4CB to provide CRG members with a status update on the registration of Pillar III messages by 26 June 2018

Delivery of non-binding XSD documents related to CR-612

Outcome

CRG members welcomed the information from the 4CB that the non-binding XSD files related to the implementation of CR-612 would be delivered to the CRG and UTSG members in four batches on 27 September, 4 October, 11 October and 19 November 2018, always provided that no issues are identified by 4CB during testing.

List of participants

Participant's organisation

Name of participant

European Central Bank	Mr George Kalogeropoulos	Chairperson
European Central Bank	Mr Alejandro del Campo	Secretary

Members

4CB	Mr Arno Friederich
4CB	Ms Mariana Shkurtova
Danmarks Nationalbank	Mr Frederik Jorst
De Nederlandsche Bank	Mr Erik Beunen
Deutsche Bundesbank	Ms Melanie Gulden-Jesse
Banca d'Italia	Mr Luca Rissolo
Banco de España	Ms Anca Parau
Bank of Greece	Mr Yorgos Korfiatis
Banque de France	Mr Jocelyn Brossard
Clearstream	Mr Markus Glück
Euroclear	Mr Dan Toledano
Iberclear	Ms Pilar Sanchez
Interbolsa	Mr Rúben Azevedo
Monte Titoli	Mr Umberto Granata
OeKB CSD	Mr Gilbert Dornhofer
SIX Group	Mr Srinivasan Raghavendran (replacing Mr Manuel De Arriba)
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Other participants

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European Central Bank	Mr Carlos Corredera
European Central Bank	Mr Olivier Leveque
European Central Bank	Mr Miguel Tahoces
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4CB	Mr Massimiliano Renzetti
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