

T2S PROGRAMME OFFICE

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v1.1

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Summary

Meeting of the Change Review Group (CRG)

6 July 2016, from 09:30 to 17:30

7 July 2016, from 09:00 to 13:00

held at the European Central Bank, Frankfurt am Main

1. Introductory session

The Chairperson, Karen Birkel, welcomed the participants and the new CRG representative of Banca d'Italia, Michele Zaccagnino and Centrálny depozitár cenných papierov SR, a.s., Juraj Aksamit. The Chairperson informed about the successful completion of the Migration Weekend Dress Rehearsal (MWDR) for wave 3 CSDs. The next CRG Telco is planned on 29 July 2016 to discuss the detailed assessment of 4 Change Requests which will be delivered on 20 July 2016.

The Chairperson informed that the aim of the CRG meeting was to discuss the detailed assessment of Change Requests which are candidates for T2S Release 1.3, to discuss the Change Requests from the CSG Task Force on CSD Regulation (CSDR), to discuss the Change Requests from WGT2 and other Change Requests, to present the first set of 10 Change Requests from the backlog of 54 Change Requests and to discuss the Batch 0 of Change Requests for 4CB preliminary assessment. The Chairperson also mentioned that the members of the CSDR Task Force (TF) will join the CRG for discussion related to the Change Requests from the CSG Task Force on CSDR.

2. Feedback on action points from previous CRG meetings

The participants were informed that only the 'open' action points would be discussed during the meeting. The feedback of CRG members for action points which were 'pending closure' would be collected through the written procedure¹.

¹ During the written procedure from 13 July 2016 till 22 July 2016, the CRG members did not raise any objection for the action points with the status 'pending closure'; hence the action points were considered closed.

T2SACTION-2447 related to Change Request T2S-0617-SYS (Handling Liquidity Transfers with future value date): The 4CB will confirm during detailed assessment of the Change Request (i) if future dated liquidity transfer could be tracked via any means in T2S (ii) the special checks that will be implemented to ensure that liquidity transfer with specified future business dates will be accepted by T2S.

Update: The 4CB informed that the detailed assessment on the Change Request is on-going. The action point remains open.

T2SACTION-2444 related to Change Request T2S-0610-SYS (Allow NCBs to obtain the complete view of all DCAs and other relevant objects (parties) in a subset of U2A queries): The 4CB will provide details during the CRG meeting on 6-7 July about difficulties in modification of screens specified in the Change Request i.e. cash account balances, outstanding auto-collateralisation credit and cash forecast.

Update: The 4CB feedback was presented during the discussions in the context of the Change Request T2S-0610-SYS (agenda item 4 below). The action point was closed.

T2SACTION-2441 related to Change Request T2S-0588-SYS (Inclusion of the DCA in the auto-collateralisation messages i.e. T2S generated instructions (sese.032) and/or the corresponding settlement confirmations (sese.025)): The 4CB will confirm during the next CRG meeting if reporting of DCA of the counterparty in sese.025 for all the business scenarios would/would not result in additional cost and effort.

Update: The 4CB feedback was presented during the discussions in the context of the Change Request T2S-0588-SYS (agenda item 4 below). The action point was closed.

T2SACTION-2436 related to the Plan to resolve the existing Change Request backlog - The ECB will share a presentation with the CRG members giving details of the Change Requests that are on hold.

Update: The ECB informed that the presentation on 10 of the Change Requests was shared with the CRG as documentation for the CRG meeting on 6/7 July 2016. The presentation for the remaining Change Requests on hold will be provided for the CRG meeting on 6 September 2016, two weeks in advance. The action point remains open.

T2SACTION-2434 related to Change Request T2S-0590-SYS (Include information from the underlying settlement instruction in the T2S 'Bank to customer statement (camt.053)' message for optimising reconciliation): The CR initiator (NBB) will update the Change Request and check with their market whether the Change Request is still needed, given that significant parts were proposed to be dropped.

Update: The CR initiator informed that they will discuss the CR-590 at their User Meeting on 5 September 2016 and subsequently inform the CRG. The action point remains open.

T2SACTION-2433 related to Change Request T2S-0546-SYS (Indication for time-critical settlements (“settlement till” time-stamp)): The CR initiator (Bundesbank) will report the feedback from SGMS to the German NUG and discuss with them potential workarounds

Update: The CR initiator informed that the Sub-group on Message Standardisation’s (SGMS) feedback on CR-564 was shared with the German NUG. The action point was closed.

T2SACTION-2432 related to Change Request T2S-0503-SYS (T2S Actor Reference and T2S Reference of counterparty’s settlement instruction should be included in T2S messages sese.024, sese.025 and sese.032 after matching): The CR initiator (SIX SIS) will await information from SWIFT and check internally with regards to the current solution and inform the CRG about the way forward.

Update: The CR initiator informed that they were awaiting information from SWIFT and they will discuss with the Eurosystem if the CR-596 (Enhance Settlement Instruction - Details screen to display T2S Matching Reference, the T2S Reference (Market Infrastructure Transaction Identification) could fulfil the requirements mentioned in the CR-503. The action point remains open.

T2SACTION-2431 related to Change Request T2S-0350-URD (Pre-defined orders for end-of-day FOP account transfers): Euroclear will follow-up with Iberclear and VP on their requirements and views on the potential solution and raise a new Change Request if needed.

Update: A new Change Request T2S-0623-SYS (End of Day rebalancing of securities positions) was raised by Euroclear, the Change Request was shared as part of the CRG meeting on 6/7 July 2016. The action point was closed.

T2SACTION-2426 related to Change Request T2S-0613-SYS (T2S should give the possibility to receive outbound T2S messages bundled in files): The 4CB will check whether a file which exceeds the size of 100MB is split during the Night Time Settlement (NTS).

Update: The 4CB informed that during the NTS, settlement related messages will be bundled into one or more files. An outbound file can have a maximum volume of 32 MB and if the size of the file exceeds 32 MB then several files will be created. (ref: UDFS v2.1 ch. 1.7.6 Store and Forward Communication, p. 778). The action point was closed.

T2SACTION-2421 related to Change Request T2S-0596-SYS (Enhance Settlement Instruction - Details screen to display T2S Matching Reference, the T2S Reference (Market Infrastructure Transaction Identification) and T2S Actor Reference of the Counterparty settlement instruction): The CR initiator will update the Change Request to specify that additional button should be provided on the Settlement Instruction – Details screen for ‘matched instructions’, if the proposal is supported during the GUI usability workshop.

Update: The Change Request was updated to include the ‘button’ functionality as agreed in the GUI Usability Workshop². It was agreed that the ECB will share the updated Change Request with the DCPG. The action point was closed.

T2SACTION-2403 related to UT-PBR-072 (Cancellation rejected before the processing of the underlying Settlement Instruction - INC000000179802): The ECB will add this item to the list of topics for potential future Change Requests to T2S)

Update: The Chairperson informed that the list of topics for potential future Change Requests will be updated by August 2016. The action point remains open.

T2SACTION-2370 related to Short term functional solution for the cash forecast report. The 4CB will check by end May 2016 whether the interim solution applied for the cash forecast report can technically be applied for the settlement instruction query.

Update: The 4CB confirmed that the solution of the cash forecast report can be applied for the settlement instruction query response. The action point was closed.

T2SACTION-2286 related to The ECB will add following updates on the CRG website:

- A release number for each CR
- Publish all CRs on the website o Separate tab to provide information on T2S releases
- Separate tab to provide summary of CRG feedback on UTSG topics.

Update: The Chairperson informed that the publication of some of the Change Requests on the T2S website was still pending and the remaining Change Requests will be published on the website by August 2016. The action point remains open.

T2SACTION-2281 related to T2S-0596-SYS (Enhance Settlement Instruction - Details screen to display T2S Matching Reference, the T2S Reference (Market Infrastructure Transaction Identification) and T2S Actor Reference of the Counterparty settlement instruction): The CR initiator will prepare a presentation on the business case for the CR. After the next CRG, the CRG will share this CR with the DCP-G for expert feedback on the need for the functionality.

Update: The CR initiator informed that the Change Request was updated (ref: **T2SACTION-2421**). The action point was closed.

T2SACTION-2278 related to The 4CB will take into account the concerns raised by some of the CRG members about potential impacts on the SOD/EOD during the detailed assessments of CR-0564 “T2S should also validate the counterparty’s securities account in a unmatched settlement instruction” and CR-0549 “Statement of Transactions and Statement of Settled Intra-Position Movements reporting for Partially Settled transactions to be made SMPG compliant” in the T2S Release 1.3.

² The updated Change Request was shared with the CRG members via email ‘T2S CRG meeting on 6 & 7 July 2016 - Updated version of CR596 for your information’ on 8 July 2016 15:45.

Update: The 4CB informed that the analysis regarding the potential impact of CR-0549 and CR-0564 on the SOD/EOD is ongoing and will be provided along with the second CR detailed assessment batch on 20 July 2016. The action point remains open.

T2SACTION-2159 related to 4CB to compile a list of their questions to the CR initiators for the CRs on hold.

Update: The 4CB informed that the questions will be provided along with the preliminary assessments of the CRs. The action point remains open.

T2SACTION-2142 related to Change Request T2S-0565-SYS (T2S should allow CSDs to remove links in instructions under CoSD): The 4CB will update the scope defining documents to clarify that a non-reciprocal link does not prevent the settlement of the instruction on CoSD Hold.

Update: The 4CB informed that after approval of the CR-0565 by the Steering Level, the scope defining documents will be updated. The action point was closed.

3. Approval of the summary of previous meetings

The ECB informed that the following summaries of the CRG meetings/telcos were updated following the CRG comments.

- Summary of the CRG teleconference of 13 May 2016
- Summary of the CRG meeting of 24 May 2016

In the context of Summary of 13 May CRG teleconference, a CRG member mentioned that in general it would be important that Scope Defining Document (SDD) clarification notes are shared with the CRG and OMG in parallel. In the initial summary it states that SDD clarification notes would only be shared with OMG in a first step. It was agreed in the CRG that there is no need for updating the summary of 13 May CRG teleconference, but the corrected process should be followed in the future.

A CRG member suggested the following corrections/comments to the summary of the CRG meeting of 24 May 2016:

- Change Request T2S-0611-SYS (Cash Account Postings GUI Screen to include the T2S Actor References)
 - Upon proposal of one CB member, the CRG discussed the possibility to have a separate window to provide the details of underlying instruction. It was agreed that the CR initiator will update the Change Request.
 - The CR initiator and Banca d'Italia will update the Change Request to specify the relevant T2S actor references which could be provided as search criteria and addition of new buttons to display the details of underlying instruction.

The participants agreed to approve the summaries after the necessary corrections were made.

4. Analysis of Change Requests

A) Change Requests for T2S Release 1.3

The 4CB informed that the delivery plan of the 7 Change Requests, for which a detailed assessment was provided for this meeting, will only be available along with the detailed assessment of the remaining 4 Change Requests on 20 July 2016. The Chairperson informed the CRG about the change in the cost reporting template and further reminded that the cost for preliminary and detailed assessment is charged irrespective of the implementation of a Change Request.

Detailed assessment on Change Request T2S-0496-SYS (Add “Corporate Action Event Identifier” and reason code “Cancellation due to transformation” in sese.024)

The aim of the Change Request is to add the field Corporate Action Event Identification (CorpActnEvtId) in the Transaction Details (TxDtIs) sequence of the sese.024.

The Change Request has a development cost of € 133,378.18 and an annual running cost of € 10,785.47.

The CRG recommended the Change Request for approval and its inclusion in the T2S Release 1.3 in principle subject to feasibility of delivery for the T2S Release 1.3.

CRG decision: The CRG recommended the approval of the Change Request and its inclusion in the T2S Release 1.3 in principle subject to feasibility of delivery for the T2S Release 1.3.

Detailed assessment on Change Request T2S-0534-SYS (CFI code and country of issuance of a security should be modifiable and CFI code should be compliant with the updated ISO Standard 10962)

The aim of the Change Request is to allow changing the Classification of Financial Instrument (CFI) code and country of issuance of an existing security in T2S static data. The creation or maintenance of CFI code should also be compliant with ISO Standard 10962.

The Change Request has a project cost of €67,117.76 and an annual maintenance cost of €5,445.18.

The 4CB clarified that the module which is handling Short Term Statistical Information (STSI) is not affected by the Change Request, as it is already able to handle all types of CFI codes. A change is only required for Long Term Statistical Information (LTSI).

The CRG chairperson mentioned that the category of financial instrument as requested by the CSDR can be derived by using the new ISO 10962 (CFI) codes and the related mapping table ‘CFI → category of financial instrument’ was defined by the CSDR TF.

One of the CRG members informed that as per Association of National Numbering Agencies (ANNA), the old CFI codes do not need to be updated for ISINs issued before a specific date, however the CFI codes of the ISINs would need to be updated if they are in scope of the penalty regime as per CSDR TF requirement.

The CRG recommended the Change Request for approval and its inclusion in the T2S Release 1.3 in principle subject to feasibility of delivery for the T2S Release 1.3.

CRG decision: The CRG recommended the approval of the Change Request and its inclusion in the T2S Release 1.3 in principle subject to feasibility of delivery for the T2S Release 1.3.

Detailed assessment on Change Request T2S-0548-SYS (Central Bank access to CMB securities account link list query)

The aim of the Change Request is to allow Central Banks to query Credit Memorandum Balance (CMB) securities account links related to Dedicated Cash Accounts (DCAs) under their data scope.

The Change Request has a project cost of €52,457.53 and an annual maintenance cost of €4,588.16. The CRG recommended the Change Request for approval and its inclusion in the T2S Release 1.3 in principle subject to feasibility of delivery for the T2S Release 1.3.

CRG decision: The CRG recommended the approval of the Change Request and its inclusion in the T2S Release 1.3 in principle subject to feasibility of delivery for the T2S Release 1.3.

Detailed assessment on Change Request T2S-0549-SYS (Statement of Transactions and Statement of Settled Intra-Position Movements reporting for Partially Settled transactions to be made SMPG compliant)

The aim of the Change Request is to follow the SMPG standards on reporting of cumulative amount/quantity in the statement of transaction (semt.017) and in the statement of settled intra-position movements (semt.016).

The Change Request has a project cost of € 203,558.70 and an annual maintenance cost of € 15,880.34.

The 4CB mentioned that the outcome of the analysis on the potential impact on performance will be shared with the second package of detailed assessments of potential Change Requests and delivery planning for the Release 1.3.

The CRG recommended the Change Request for approval and its inclusion in the T2S Release 1.3 in principle subject to feasibility of delivery for the T2S Release 1.3.

CRG decision: The CRG recommended the approval of the Change Request and its inclusion in the T2S Release 1.3 in principle subject to feasibility of delivery for the T2S Release 1.3.

Detailed assessment on Change Request T2S-0564-SYS (T2S should also validate the counterparty's securities account in an unmatched settlement instruction)

The aim of the Change Request is to adjust the business rules in T2S to validate the counterparty's securities account in an unmatched settlement instruction.

The Change Request has a project cost of € 124,474.23 and an annual maintenance cost of € 10,343.04.

The 4CB informed that the outcome of the analysis on a potential impact on performance will be shared with the second package of detailed assessments of potential Change Requests and delivery planning for Release 1.3.

The CRG was informed about an editorial update made in the Change Request to rectify a business rule (MVCV028+2). It was also agreed that the title of the Change Request will be modified to correct the typo (“T2S should also validate the counterparty’s securities account in a an unmatched settlement instruction”).

The CRG recommended the Change Request for approval and its inclusion in the T2S Release 1.3 in principle subject to feasibility of delivery for the T2S Release 1.3.

CRG decision: The CRG recommended the approval of the Change Request and its inclusion in the T2S Release 1.3 in principle subject to feasibility of delivery for the T2S Release 1.3.

Action points:

- The ECB will correct the typo in the Change Request Title “T2S should also validate the counterparty’s securities account in a an unmatched settlement instruction”

Detailed assessment on Change Request T2S-0565-SYS (T2S should allow CSDs to remove links in instructions under CoSD)

The aim of the Change Request is to allow CSDs to remove links in instructions under Conditional Security Delivery (CoSD).

The Change Request has a project cost of € 225,609.65 and an annual maintenance cost of € 23,945.01.

The CRG was informed about the modification made to the Change Request in regards to the business rules required for the reporting of instructions which are pending due to a linked instruction, including an instruction on CoSD hold:

- New business rules SPST028 and SPST029 were added to inform about the pending status of a settlement instruction which states a link to another settlement instruction that is on CoSD hold

A CRG member suggested to modify the wordings of the Change Request to bring it in line with the addition of new business rules.

The CRG recommended the Change Request for approval and its inclusion in the T2S Release 1.3 in principle subject to feasibility of delivery for the T2S Release 1.3.

CRG decision: The CRG recommended the approval of the Change Request and its inclusion in the T2S Release 1.3 in principle subject to feasibility of delivery for the T2S Release 1.3.

Action points:

- The ECB will update the Change Request section “T2S functionality for non-reciprocal links” to clarify the existing business rules.

Detailed assessment on Change Request T2S-0576-SYS (Handling of leading and trailing "blanks" and "/" in A2A and U2A attributes)

The aim of the Change Request is to prohibit the use of leading blanks followed by “/” at the beginning or trailing blanks preceded by “/” to ensure valid outbound messages.

The Change Request has a project cost of € 133,921.97 and an annual maintenance cost of € 11,048.29.

The CRG recommended the Change Request for approval and its inclusion in the T2S Release 1.3 in principle subject to feasibility of delivery for the T2S Release 1.3.

CRG decision: The CRG recommended the approval of the Change Request and its inclusion in the T2S Release 1.3 in principle subject to feasibility of delivery for the T2S Release 1.3.

B) Change Requests stemming from the CSG Task Force (TF) on CSD Regulation and other related Change Requests

Change Request T2S-0600-SYS (T2S reporting functionality must be enhanced to allow the retrieval of the settlement instructions and their related SF1 (accepted) /SF2 (matched) timestamps via A2A in an efficient and standard way)

The aim of the Change Request is to enhance the T2S reporting mechanism to provide the accepted timestamp (SF1) and matched timestamp (SF2) of settlement instructions.

It was agreed that the CSG rather than NBB-SSS should be the initiator of the Change Request.

The CRG was informed about the updates made to the Change Request:

- The requirement for reporting of the 'Accepted' timestamp also for settlement restrictions (semt.014) was added.
- The requirement for creation of additional semt.014 messages (Intra Position Movement Status Advice) in case of T2S generated settlement restrictions was added. In order to be able to report the SF1 timestamp for all settlement restrictions, it is required that semt.014 messages are also created for T2S generated settlement restrictions (e.g. in case of CoSD blocking).

The CRG members discussed how T2S should report 'Accepted' and 'Matched' timestamp, in a scenario when the already matched instruction is sent to T2S. A CRG member mentioned that for already matched instruction T2S currently assigns the accepted and matched timestamp as the time when the instruction is created in T2S. Some of the CRG members expressed that the matched timestamp outside T2S should be stored and reported by T2S. The CRG agreed to check ESMA requirements, if a specific time is requested for match timestamp (SF2) inside or prior to T2S, in case of already matched instructions in T2S.

The CRG members agreed that there is a collective agreement in the context of insolvency and CSDR as to which timestamps need to be stored in T2S in case of already matched instructions.

A CRG member stated that the Change Request was a 'perfect' solution, which asks for inclusion of SF1 and SF2 timestamps in all the possible channels; however it should be checked if a reduction of the scope of the Change Request by some of the channels was possible. However some CRG members were of the opinion that reduction of the scope should be carefully considered as some

CSDs could be relying in the statement at the EOD for reconciliation purpose, whereas others could be using real time messages. The CRG agreed to initiate a written procedure to gather opinion of the CRG members on the reduction of the scope of the Change Request.

As the written procedure on the Change Request will be initiated, the CRG agreed to keep the Change Request on hold.

CRG decision: The CRG kept the Change Request on hold.

Action points:

- The ECB will check whether ESMA has specified requirements to which matched timestamp (SF2) has to be used in case of already-matched instructions (i.e. either the externally matched timestamp or the T2S accepted timestamp).
- The CRG members will indicate which of the channels (U2A, real-time, query, reporting) are required for retrieval of SF1 and SF2 timestamps, also considering that the Change Request is relevant for insolvency.
- The ECB will update the Change Request to also include the CSG as initiator of the Change Request.

Change Request T2S-0606-SYS (T2S should maintain and report information related to ‘Place of Trade’ and ‘Place of Clearing’ of a settlement instruction consistently across T2S messages)

The aim of the Change Request is to maintain the record of ‘Place of Trade’ and ‘Place of Clearing’ of settlement instructions in T2S and report both the fields in the instruction queries, reports and status messages.

The CRG discussed that the inclusion of ‘Place of Trade’ and ‘Place of Clearing’ would only require un-pruning of fields in the relevant messages. It was mentioned that the change would only add value for CSDs which do not subscribe to the copies of sese.023 messages submitted by DCPs. If CSDs subscribe to copies, they are already informed about ‘Place of Trade’ and ‘Place of Clearing’ today. The CRG agreed to check ESMA requirements if Place of Trade and Place of Clearing is mandatory and if it is required to be provided on a daily basis, in case available.

A CRG member questioned why the Data Migration Tool (DMT) files had to be systematically updated, as the use of DMT files was not foreseen after migration except in case of exceptional situations. The CSD expressed the question why the DMT updates should be financed by CSDs who have already migrated. It was mentioned that new CSDs may join T2S and thus there could be a need for keeping the DMT consistent with the related input/output messages in T2S. The CRG decided to raise this point to the Project Managers Group (PMG) and inform the Operation Managers Group (OMG).

The CRG members discussed if the reduction of the scope of the Change Request was possible as there are multiple channels through which the information could be reported and the CSDs could be

using only some of these channels. The CRG agreed to initiate the written procedure to gather opinion of the CRG members on the reduction of the scope of the Change Request.

As the written procedure on the Change Request will be initiated, the CRG agreed to put the Change Request on hold.

CRG decision: The CRG put the Change Request on hold.

Action points:

- The ECB will check whether the ESMA requirements specify that the Place of Trade and Place of Clearing are mandatory and if they are mandatory, whether they have to be provided on a daily basis.
- The CRG members will indicate which of the channels (U2A, real-time, query, reporting) is required for reporting of Place of Trade and Place of Clearing
- The ECB will report to the PMG and inform the OMG on the principle discussion on whether or not the DMT should be systematically updated in Change Requests for consistency purposes or whether any CSDs joining T2S at a later stage would be requested to pay for an update of the DMT, in case of need.

Change Request T2S-0607-SYS (T2S must be able to identify, store, and report settlement information related to buy-in transactions consistently across T2S messages)

The aim of the Change Request is to include the ISO transaction code buy-in (BIYI) in the settlement instruction (sese.023), the settlement instruction status advice (sese.024), the statement of pending instructions (semt.018), the allegation notification (sese.028) and the statement of allegations (semt.019).

The CRG members discussed if the transaction code 'BIYI' should be included in the existing DMT file. The CRG agreed to initiate the written procedure to gather opinion of the CRG members if updating of DMT file was required.

As the written procedure on the Change Request will be initiated, the CRG agreed to put the Change Request on hold.

CRG decision: The CRG put the Change Request on hold.

Action points:

- The CRG members will indicate whether an update to the existing DMTs is required to support the new ISO Transaction Code 'BIYI'.

Change Request T2S-0608-SYS (T2S must be enhanced to maintain and report Categories of Financial Instruments as described in the CSDR Level 2 Technical Standards)

The aim of the Change Request is to include the following categories of financial instruments in T2S: “SHRS”, “SOVR”, “DEBT”, “SECU”, “ETFS”, “UCIT”, “MMKT”, “EMAL”, “OTHR”.

The CRG members were informed that the CSDR TF has provided a mapping table between the new CFI standard and the categories of financial instruments as required by the CSDR. The CRG members discussed the possibility that the CSDs could use the mapping table to derive the ‘type of financial instrument’ for reporting purpose rather than exchanging this additional type of instrument in the message input/output of T2S. The CRG agreed to initiate the written procedure to gather views of CRG members if CSDs could derive the ‘type of financial instrument’ based on the mapping table.

As the written procedure on the Change Request will be initiated, the CRG agreed to put the Change Request on hold.

CRG decision: The CRG put the Change Request on hold.

Action points:

- The CRG members will indicate if CSDs require to have the ‘type of financial instrument’ in T2S or if it would be possible and sufficient for CSDs to derive the ‘type of financial instrument’ based on the mapping table, for the purpose of reporting to authorities.

Change Request T2S-0609-SYS (T2S must be able to report ‘PENF’ settlement status for settlement instructions for which settlement at the Intended Settlement Date (ISD) is no longer possible)

The aim of the Change Request is to differentiate between pending settlement instructions for which settlement at the Intended Settlement Date (ISD) is still possible and for which settlement at the ISD is no longer possible. The CR proposes to change the status of the pending settlement instructions from PEND (Pending) to PENF (Pending/Failing) during the EOD reporting once it was identified that the settlement of instruction was no longer possible on ISD.

The CRG members were informed that the change of status for pending settlement instruction was required for settlement discipline measures and record keeping purposes.

Some of the CRG members mentioned that the CSDs already today deduce which instructions will fail on ISD by checking the ISD and status, and therefore such change may not be required in the T2S. Furthermore a CRG member considered that this change would harm the EOD period already overloaded.

The CRG members were informed about the recommendation from SWIFT to convert the status of DvP instructions from PEND to PENF at the DvP cut off at 4:00 pm.

The CRG members acknowledged that the Change Request does not fulfil any record keeping requirements in T2S, since T2S does not store PEND as a status internally, but it is derived by T2S for reporting purposes for each impacted message.

The CRG agreed to initiate the written procedure if CSDs could identify and report failing instruction on their own i.e. outside T2S.

As the written procedure on the Change Request will be initiated, the CRG agreed to put the Change Request on hold.

CRG decision: The CRG put the Change Request on hold.

Action points:

- The CRG members will indicate if CSDs can identify and report failing instructions and provide the necessary information to the authorities on their own.

C) Change Requests from the market for future T2S Releases

Change Request T2S-0520-SYS (Add new fields to T2S messages sese.020, sese.024 and sese.025 needed for CA processing)

The aim of the Change Request is to i) replicate the linkages sequence (Lnkgs) in the status advice (sese.024) and the settlement confirmation (sese.025), if present in the settlement instruction (sese.023) and ii) to add in the cancellation instruction (sese.020) a reason code to indicate that the reason for cancellation is due to transformation and provide the field Corporate Action Event Identification (CorpActnEvtId) to identify the corporate action event.

The CRG was informed that two ISO CRs (ISO CR-510, ISO CR-511) which were raised related to the CR-520 were approved at ISO level. The Change Request was updated to correct the field path in the message sese.020 i.e. /SctiesTxCxlReq/CxlRsn/Cd/Cd/ Reason for cancellation “transformation” and /SctiesTxCxlReq/CxlRsn/CorpActnEvtId.

The CRG members agreed to keep the Change Request on hold.

CRG decision: The CRG kept the Change Request on hold for future T2S Releases.

Action points:

- The ECB will share the Change Request with the Corporate Actions Sub-group (CASG) to inform CASG about the updates made in the Change Request.

Change Request T2S-0571-SYS (T2S should allow more granular differentiation between DCP and ICP flows for the configuration of restriction rules)

The aim of the Change Request is to allow additional parameters i.e. business sending party, business sending user while configuring restriction type case 1. Currently T2S allows Party (Instructing Party BIC), Party Type (of the Instructing Party), Party Type (of the Account Owner), Market-Specific Party Attribute. These additional parameters would provide additional granularity by allowing the differentiation of DCP/ICP flows per settlement instruction based on the business sender.

The CRG members were informed that currently the CSDs need to set up multiple restriction rules to differentiate the instruction received from the DCPs and ICPs. The Change Request would result in reduction in restriction rules that need to be set up to incorporate market specific attributes for settlement of securities and subsequently would reduce the restriction validations. A CRG member pointed out that the Change Request would be beneficial for their institution.

The CRG members agreed to put the Change Request on hold and agreed to add it in the list of Change Requests for business value indicator.

CRG decision: The CRG put the Change Request on hold for future T2S Releases.

Change Request T2S-0580-URD (Additional automatic intraday reimbursement of NCB auto collateralisation instructions)

The aim of the Change Request is to introduce additional six “automatic” intraday reimbursement processes for Central Bank auto-collateralisation during the real-time settlement period (RTS).

The CRG was informed about the updates made to the Change Request to clarify that the additional automatic intraday reimbursements should result in pending reimbursement instructions being settled with the available cash in the dedicated cash account (DCA), on which the additional automatic intraday reimbursement functionality has been configured i.e. no liquidity rebalancing from any other DCA should be applied and central banks should be able to set up the configuration.

The CR initiator mentioned that the 6 pre-defined time slots were not specified in the Change Request as they did not receive any feedback from their participants.

The CRG was also informed about the outcome of the written consultation with the Directly Connected Parties Group (DCPG), the Working Group on Target 2 (WGT2) and the Target Working Group (TWG). Most of DCPG participants did not intend to use the functionality at least for the time being, mainly for the reason that they preferred to manage the liquidity on their side. However they supported the Change Request provided the functionality is optional. The WGT2 was also in favour of the functionality being optional and mentioned that defining fixed times for the execution of such additional automatic reimbursement is not giving the right level of flexibility. The TWG favoured the optional functionality and suggested 4 time slots. A representative from the WGT2 mentioned that the written consultation with WGT2 was for the content of the Change Request and it did not consider specifying the time slots on payment bank basis.

The CRG as well as the 4CB agreed that the pre-defined time slots should be favoured. A CRG member mentioned that the time slots should be parameterised i.e. if they need to be changed in future then it could be done by raising a Change Request to change relevant parameters rather than changes to the software. Such Change Request would follow the regular governance process; however it needs not be scheduled for any T2S Release. The CR initiator agreed to update the Change Request based on the suggestions made by CRG members and the feedback received from DCPG and TWG members. The 4CB informed that from Static Data perspective it was possible to implement the

solution via A2A, GUI and DMT mode. The 4CB agreed to provide additional details on feasibility of implementation of solution in various modes. The ECB will initiate the written procedure with CRG to gather views of CRG members about their preferred solution, after 4CB has provided the details on all possible implementation options.

A CRG member asked whether the additional automatic reimbursement could affect the recycling process. The 4CB mentioned that reimbursed instructions could be settled before the recycled instruction; however it was as per current functional description of T2S. Also it is possible that more auto-collateralisation could be triggered, if cash is swept periodically to the RTGS.

As the Change Request needs to be updated, the CRG agreed to keep the Change Request on hold.

CRG decision: The CRG kept the Change Request on hold.

Action points:

- The CR initiator will update the Change Request to specify
 - the 6 pre-defined time slots out of the 9 slots proposed during the written consultation of the DCPG, WGT2 and TWG
 - that pre-defined time slots can be parameterised in the T2S, i.e. if they need to be changed in future then it can be done by raising a Change Request to change relevant parameters rather than changes to the software
 - remove the paragraph that refers to the CR-541 and add it as a footnote
- The ECB will share the updated Change Request with the WGT2.
- The 4CB will provide a clarification on possible implementation options from a Static Data perspective (new tables vs extension of additional tables/attributes, A2A/GUI/DMT, etc.) and indicate which solution is the easiest to implement.
- The ECB will share the 4CB clarification on possible implementation options with the WGT2.
- The CRG members will provide feedback on the possible implementation options from a Static Data perspective (new tables vs extension of additional tables/attributes, A2A/GUI/DMT, etc.) identified by the 4CB and about their preferred solution.

Change Request T2S-0588-SYS (Inclusion of the DCA in the auto-collateralisation messages i.e. T2S generated instructions (sese.032) and/or the corresponding settlement confirmations (sese.025))

The aim of the Change Request is to include the DCA of the counterparty in the auto-collateralisation messages i.e. Securities Settlement Transaction Generation Notification (sese.032) and the corresponding Securities Settlement Transaction Confirmation (sese.025).

The CRG was informed about the outcome of the written procedure. Most CRG members were not in favour of inclusion of DCA of the counterparty in all the business cases as it could result in the issues related to data confidentiality. The 4CB informed that reporting of DCA of the counterparty for all the business scenarios could result in a huge additional cost and effort on LCMM side.

The CR initiator confirmed that the Change Request will be modified to reflect that DCA of the counterparty will be added to both the messages i.e. sese.032 and sese.025.

With the above change, CRG members agreed to the current version of the Change Request (i.e. inclusion of the DCA only in the auto-collateralisation messages) and acknowledged that the Change Request was matured in terms of messaging aspects.

The CRG members agreed to keep the Change Request on hold and agreed to add it in the list of Change Requests for business value indicator.

CRG decision: The CRG kept the Change Request on hold for future T2S Releases.

Action points:

- ECB will update the Change Request on behalf of the CR initiator: 'Inclusion of the DCA in the auto-collateralisation messages i.e. Securities Settlement Transaction Generation Notification (sese.032) and ~~for~~ the corresponding Securities Settlement Transaction Confirmation (sese.025).'

Change Request T2S-0610-SYS (Allow NCBs to obtain the complete view of all DCAs and other relevant objects (parties) in a subset of U2A queries)

The aim of the Change Request is to enable Central banks to have complete overview of all the DCAs opened in their books in a single screen when querying the Cash account balances and the Outstanding Auto-collateralisation Credit via U2A.

The outcome of the written procedure was shared with the CRG. 3 CRG members strongly supported the U2A solution and mentioned that the alternative proposed by the 4CB was only a workaround but it did not meet their requirements. The 4CB presented the analysis on the Change Request and mentioned that it may be possible to provide the complete view of DCAs on the cash balance screen, having the parent BIC mandatory while allowing the Party BIC to be optional and the changes could be handled in T2S Release 1.3, however that the performance impact would need to be analysed. The other two screens i.e. Cash Forecast screen and Outstanding Auto-collateralisation include complex calculations and providing complete view of DCAs on these screens would have significant negative performance impact.

The requesting CRG member agreed to split the Change Request and include the requirement related to cash balance screen to provide details of DCA balances of all DCAs under the data scope of Central Banks, retaining the parent BIC to be mandatory and making the Party BIC optional in a new Change Request. The 4CB mentioned that if the new Change Request could be provided by 11 July 2016, then it could be considered for the T2S Release 1.3.

It was agreed that the current CR-610 will be updated to remove the changes related to the cash balance screen and WGT2 and other NCBs can still continue to refine the requirements in the Change Request or consider the A2A solution instead as it provides the necessary information.

The CRG agreed to split the Change Request and raise a new Change Request by the end of the week to include the requirement of complete view of all DCAs on cash balance screen. As the Change Request needs to be updated, the CRG agreed to keep the Change Request on hold.

CRG decision: The CRG kept the Change Request on hold.

Action points:

- A CRG member will raise a new Change Request, by 8 July 2016, which requests only cash balance screen to provide details of DCA balances of all DCAs under the data scope of Central Banks, retaining the parent BIC to be mandatory and making the Party BIC optional.
- The CR initiator will update the CR-610 to remove the requirement of complete view of all DCAs on cash balance screen and continue the discussion on the remaining requirements raised in CR-610, taking into account the feasibility assessments of the 4CB and the possibility to implement an A2A solution instead for these complex U2A queries.

Change Requests T2S-0611-SYS (Cash Account Postings GUI Screen to include the T2S Actor References)

The aim of the Change Request is to include the T2S actor references on the Cash Account Postings screen, which would provide reconciliation references to the users. Currently the Cash Account Postings screen provides a T2S Internal Reference, however this reference cannot be reconciled with any previously known information.

The CRG was informed about the updates made to the Change Request for addition of relevant T2S Actor references in camt.006 message. The CRG discussed that the some of the references mentioned in the Change Request are already available in the camt.006 message whereas addition of some of the reference would require unpruning of a field or an ISO change. The 4CB agreed to propose how the 4 instruction references specified in the Change Request i.e. Account Owner Tx Id, Account Servicer Tx Id, T2S Settlement Inx Ref and Third Party Reference could be distributed to the different camt.006 message fields available, considering that in the current design of T2S there are already two references mapped to camt.006:

- Option A: keep the two existing references in the current fields and add the two additional references in other camt.006 fields (currently pruned)
- Option B: reorganise existing and new references in the camt.006 message so that all 4 references would be transported via the message field that best describes the references' business purpose

The ECB would share this proposal with the SGMS for expert advice.

The CRG members expressed that the requirement related to enhancement of the Cash Account Postings screen to include the functionalities Display Settlement Instruction or Restriction could create confidentiality issues as such a change could enable central bank to view the details of settlement instruction on the securities account that are linked to the DCA of the central bank. A Central Bank CRG member mentioned that this requirement stems from a usability need and that the information is already available for their clients who have the appropriate access rights, but in different screens. Some of the CRG members mentioned that such a view of settlement instruction would be possible only if the cross entity privilege is granted to the user and it would be up to the CSDs to grant the privilege to the central banks. As T2S separates cash and security sides, addition of button on Cash Account Postings screen to display settlement instruction or restriction where a very limited number of participants will have privilege was not seen as nice to have functionality. Therefore the CRG members agreed to ask the WGT2 to remove the requirement from the Change Request.

As the Change Request needs to be updated, the CRG agreed to keep the Change Request on hold.

CRG decision: The CRG kept the Change Request on hold.

Action points:

- The 4CB will share with the CRG a proposal how the 4 instruction references requested in part b of the Change Request could be mapped to existing fields in camt.006.
- The ECB will share the 4CB proposal with the SGMS, during the SGMS Telco on 26 July 2016.
- The WGT2 will be asked to remove the point 3 (Enhancement of the Cash Account Postings screen to include the functionalities Display Settlement Instruction or Restriction and Display Liquidity Transfer) from the Change Request.

Change Request T2S-0613-SYS (T2S should give the possibility to receive outbound T2S messages bundled in files)

The aim of the Change Request is to allow T2S actors (CSDs, NCBs, DCPs) to subscribe to the receipt of outbound messages into files based on a number of criteria.

The outcome of the written procedure about the parameters for bundling of outbound messages was shared with the CRG members. The CRG members agreed that largest agreement within the CRG on the requirements in the Change Request for bundling of outbound messages is based on the future ISD.

The Chairperson asked the CRG members about the business need behind the Change Request. The CRG members mentioned that bundling of messages would reduce the cost of messages as T2S pricing is not favourable for real time messages. The same was also highlighted for SWIFT pricing model, which also favours files over real-time. It was questioned whether a potentially complex change via the implementation of a Change Request is the right answer to a gap in the pricing policy.

A CRG member questioned whether the T2S pricing policy is aligned with the level of technical complexity for single outbound messages vs. bundling of outbound messages. The Chairperson informed that if the cause for the Change Request was related to pricing then this issue could be tackled at its source instead of making complex technical changes to the T2S. The CRG decided to raise the issue to the PMG.

The CRG agreed to keep the Change Request on hold.

CRG decision: The CRG kept the Change Request on hold.

Action points:

- The ECB will inform the PMG about the discussion on the need for the bundling of messages and that the primary objective of the Change Request is to control the cost of the messages.
- The 4CB will provide a high level feasibility statement on whether it is technically easier to bundle files in messages, i.e. if the pricing policy is justified in terms of the level of technical implementation.

Change Request T2S-0614-SYS (Reason code FUTU (Instruction is awaiting the settlement date) should not be used for unmatched instructions)

The aim of the Change Request is that T2S should not generate Status Advice messages (sese.024) for status changes of unmatched instructions which are currently reported with Pending Reason Code FUTU (Awaiting Settlement Date). Only if the settlement instruction is matched and released from any hold status a Status Advice with Pending Reason Code FUTU should be generated. Currently Status Advice messages containing the Pending Reason Code FUTU are generated for settlement instructions which are awaiting the settlement date and for which no settlement problems have been reported, irrespective of the matched status of the instruction.

The CRG was informed about the outcome of written procedure on the topic reporting of FUTU for unmatched instructions and removal of Rule 7 of sese.024 ISO message from the UDFS. Some of the CRG members preferred that FUTU is not reported for unmatched instruction, while few members suggested to keep the existing reporting logic in T2S and additionally report matching status as 'unmatched'.

During the CRG discussion, a lot of support was given to the suggestion to keep reporting logic for sese.024 FUTU as it is and to additionally report matching status as 'unmatched'. This includes the feedback in case a hold status is applied to an instruction (Party, CSD or CSD Validation Hold). One CRG member who is also attending the SMPG reported that this was consistent with the conclusions reached at the last SMPG meeting on this topic. The 4CB informed that from the static data perspective it was possible to add the status as 'unmatched' along with pending reason code FUTU for an unmatched instruction. It was agreed that until potential implementation of CR614, there should be an editorial change to the UDFS to add as a footnote that T2S processing is currently not in line with Rule 7.

As the Change Request needs to be updated, the CRG agreed to keep the Change Request on hold.

CRG decision: The CRG kept the Change Request on hold.

Action points:

- The CR initiator will update the Change Request to specify that T2S will report matching status 'unmatched' whenever there is a pending reason code reported for an unmatched instruction.
- The 4CB will add as part of the next editorial change request a footnote to the UDFS to indicate that T2S reporting logic is for the time being not in line with Rule 7.

Change Request T2S-0615-SYS (Enrich values in “Transaction activity field” of the “Securities Transaction Posting Report (semt.017)” and in “Bank Transaction Code” in the “End of Day Account Statement (camt.053)” with all ISO20022 codes

The aim of the Change Request is to support in the Securities Transaction Posting Report (semt.017) all types of Transaction Activities which are foreseen according to ISO20022 standard. Currently the field Transaction Activity is defaulted by T2S with the code SETT (Settlement and Clearing Activity). Other available codes are not used.

The CR initiator informed the CRG about the updated Change Request. The CRG members agreed to the updated version of the Change Request and no discussion was required.

The CRG members agreed to keep the Change Request on hold and agreed to add it in the list of Change Requests for business value indicator.

CRG decision: The CRG kept the Change Request on hold for future T2S Releases.

Change Request T2S-0619-SYS (Additional validation rules for SAC-DCA links)

The aim of the Change Request is to introduce consistency checks on DCA level while setting up SAC-DCA links (CMB securities account links), to ensure that the linked DCA exists, and is open during the validity period of the SAC-DCA link. Currently such checks are applied only for securities account.

The CR initiator mentioned that the Change Request aims to introduce the validation rules on DCAs while setting up of SAC-DCA links. The CRG asked if a procedure in Manual of Operational Procedures (MOP) is in place for closure of DCA, in case the CMB on such DCA exists. It was mentioned by one member that such operational procedure already exists³.

The CRG members agreed to keep the Change Request on hold and agreed to add it in the list of Change Requests for business value indicator.

³ In chapter 3.4.15 of the MOP v1.2 it states that CSDs should be informed about planned closure of a DCA. Only after removal of all SAC-DCA links by the CSDs, the DCA should actually be closed

CRG decision: The CRG kept the Change Request on hold for future T2S Releases.

Change Request T2S-0620-SYS (Allow CSDs to query for all positions in a given security via T2S GUI)

The aim of the Change Request is to allow CSDs to query for all positions in a particular ISIN on any account within the data scope of the CSD. Currently on the 'Securities Positions – Search' screen 'Party BIC' is mandatory and hence CSD cannot query all positions in a given ISIN.

The CR initiator informed that it was important for CSDs to have a complete view of all positions in a given ISIN. Currently the CSDs need to make multiple queries for different parties to collect all the positions in an ISIN.

Some of the CRG members discussed that the generation of position report by T2S operator should not be part of the Change Request, as it is more of a service request than a change to T2S and therefore it should be discussed in the OMG as a potential service request.

4CB suggested checking the dependency between the fields ISIN and Party BIC via a cross-field validation (real-time update in the T2S GUI) rather than introducing a new error code QMPC0XX which is only checked after submission of the U2A query. This was agreed by the CR initiator.

As the Change Request needs to be updated, the CRG agreed to keep the Change Request on hold and add the updated Change Request in the list of Change Requests for business value indicator.

CRG decision: The CRG kept the Change Request on hold.

Action points:

- CR initiator (Clearstream) will update the Change Request:
 - To remove the last paragraph (Additionally, the T2S Operator should be able to generate, on request of a CSD, a position report containing all positions of a given CSD in T2S. This report should be made available to the CSD in csv form) in the Description of Change Request. Also, the request for a new error code QMPC0XX should be replaced by a cross-field validation in the CR.
- Clearstream will propose a reasoning/business case on service request to T2S Operator for generation of position report containing all positions of a given CSD in T2S.
- The ECB will formulate the request received from Clearstream on behalf of the CRG and share it with the OMG in their next meeting.

Change Request T2S-0621-SYS (Multiple pending reason codes (combination of lack of securities and lack of cash))

The aim of the Change Request is that T2S should not report lacks on the cash side when there are insufficient securities to settle the instruction.

The CR initiator informed the CRG that currently T2S provides multiple reason codes LACK/CLAC and MONY/CMON in case there is a lack of securities and lack of cash in the counterparty or own account. In case of lack of securities T2S checks for available cash balance and if sufficient cash is not available, T2S reports lack of cash without checking for theoretical available auto-collateralisation. To avoid “useless” messages, the CR initiator proposed that T2S should not report lack of cash if lack of securities is detected.

The CRG members discussed if the Change Request should also cover the scenario of DwP/RwP instructions. Some members indicated that the reporting should only be changed for DvP/RvP instructions. For DwP/RwP T2S should continue reporting both LACK and MONY (or CLAC and CMON). No final agreement was reached on this point. The Chairperson mentioned that the URD requested the reporting of multiple statuses and ECB will reconfirm it.

The CRG members also discussed that the current reporting logic could have negative implications from CSDR point of view, as penalty could be levied on the account for lack of cash even when auto-collateralisation was possible. It was mentioned that the same issue would also apply on the securities side in case of potential collateral substitution, which would not be checked if a (non-resolvable) lack of cash was detected.

The CRG members suggested that T2S should consider availability of auto-collateralisation before reporting lack of cash; however it would mean that availability of collateral needs to be checked on a continuous basis and implementing such validation seemed very complex. As a second option, it was proposed to check for auto-collateralisation availability only at the EOD/DVP cut-off for the purpose of penalties calculation; however this could result in multiple messages at EOD/DVP cut-off.

The CRG agreed to put the Change Request on hold.

CRG decision: The CRG put the Change Request on hold.

Action points:

- The ECB will inform CSDR TF that status ‘lack of cash’ could result from a scenario where sufficient securities were not available in the securities account and hence auto-collateralisation availability would not be considered. The CSDR TF should be asked if they see a problem in the current T2S reporting logic regarding penalties regime.
- The ECB will prepare a presentation on the different options available for reporting the accurate status of a settlement instruction and share it with the 4CB, Euroclear and Clearstream for inputs. The presentation will be shared with the CRG for discussion during next CRG meeting.
- The ECB will share the Change Request and related presentation with the DCPG and will ask DCPG to provide a view about their reporting requirements.
- The ECB will check on the user requirement related to reporting of multiple pending statuses.

Change Request T2S-0623-SYS (End of Day rebalancing of securities positions)

The aim of the Change Request is to introduce A2A or U2A option for CSDs to allow them to generate 'standing', 'already matched FOP transfers' to move the whole position of one SAC or earmarking position to another SAC or earmarking position at the end of day.

The Change Request is aimed to meet various needs with different CSDs. The CR initiator informed that the Change Request would enable CSDs to generate rebalancing at the end of the day and mentioned that in their market they would like to use this feature to remove earmarking for auto-collateralisation for all positions at the end of the day when required by their participants. This would be required due to regulatory requirements. Another member indicated that the Change Request could be extended to include also the reverse activity to automatically move the positions back to earmarking during SoD via standing order or pre-defined request. The CSD who support the Change Request mentioned that they currently do this process on an STP basis and will analyse if the Change Request needs to be amended to include this reverse feature.

CSD representatives mentioned that an automated/pre-defined movement of positions would be much safer than manual workarounds to avoid that positions are transferred to securities accounts by customers after the CSD's rebalancing and considering the different points in the chain where issues could occur, e.g. delay in processing at VAN provider. Especially from the background of the regulatory requirement, this increase of certainty would be of much value. The CR initiator agreed to include the description of the relevance of change in the Change Request.

As the Change Request needs to be updated, the CRG agreed to put the Change Request on hold.

CRG decision: The CRG put the Change Request on hold.

Action points:

- CR Initiator (Euroclear) to update the Change Request to include a description of the relevance of this change, i.e. to describe why the Change Request would add considerable value compared to the current workaround solutions.

D) Change Requests stemming from the 4CB

Change Request T2S-0612-SYS (Alignment of T2S Messages with ISO Standards Release 2016)

The aim of the Change Request is to align messages used in T2S with the latest ISO version available.

The CRG was informed about the updates made to the Change Request to provide more details of the changes impacting T2S messages. One of the CRG members questioned the existence of T2S versions of ISO20022 standards in general. In case DCPs need to operate in Indirectly Connected Party (ICP) mode as well, then they need to use different subsets of ISO20022 messages, the ISO version and the T2S version.

4CB replied that the T2S specific subset is in line with TARGET2 message usage and that it was agreed on in the SGMS in the very beginning of T2S discussions. The preference would be to analyse on a case by case basis, if changes would be necessary, e.g. to un-prune fields in messages.

The CRG agreed to keep the Change Request on hold.

CRG decision: The CRG kept the Change Request on hold.

5. Resolution of the backlog of Change Requests

Business value for Change Requests for future releases

The ECB presented proposals for guidelines for assigning the business value indicator to the Change Requests on hold and the timelines for the exercise. The CRG members suggested a few changes to the definitions of business value indicator. For the consolidation of all business value indicators it was mentioned that a weight is connected to all indicators H/M/L/NR/N so that a ranking of Change Requests according to their business value could be done easily. For H, M and L, the weight will be determined according to the Scoring Mechanism in the Framework Agreement. For the value 'Not Required' the CRG was informed that a weight of '0' will be applied in the calculation. ECB will investigate and propose what would be the best weight to be assigned to the new value 'negative'.

The Chairperson requested CRG members to assign the business value to each of the Change Request by November 2016, so that Change Requests could be prioritised based on their ranking. The Chairperson added that the rating assigned to each of the Change Request could change in future and hence this exercise may need to be undertaken every year. The Chairperson acknowledged that it is not possible to include all the Change Requests in backlog in T2S Release 2.0 and further T2S Releases could be required.

Action points:

- The CRG members will provide the business value for all the Change Requests that are on hold, by 18 November 2016.
- The ECB will change the description of business value indicator "Not Required" to indicate a neutral view, rather than explicitly not requiring a Change Request. The reference to "market" will be replaced by "institution and its customers" in the presentation.
- The ECB will propose a definition of a value for 'Negative' indicator and suggest it to CRG.

Analysis of Change Requests on hold for future releases (set of 10 CRs)

The ECB presented the first batch of 10 Change Requests providing the overview of Change Requests, high level functional impact and possible workarounds for the Change Request.

Change Request T2S-0358-URD (Unblocking of ISIN as part of Corporate Actions handling)

The aim of the Change Request is to allow CSDs to instruct T2S in advance on unblocking an ISIN, conditional to the successful settlement of Corporate Action (CA). When settlement of CAs on

blocked ISINs has been successfully handled, T2S should automatically generate an unblocking instruction of the pertinent ISINs that will be executed before the start of subsequent settlement sequences.

The CR initiator (VP securities) explained that when the ISINs that settle in Danish Krone are blocked for CA, these ISINs may not be available for auto-collateralisation in a timely manner. These corporate action events (partial redemption) happen mainly on four occasions per year in the Danish market. Since the number of these ISINs that settle in Danish Krone are limited and important for usage in auto-collateralisation, there could be an issue when such blocked ISINs are not unblocked timely after the T2S sequence foreseen for corporate action processing in the T2S batch, so that they are available for auto-collateralisation and liquidity optimisation processing during the following sequences of the batch. The CR initiator stated that the situation is different compared to the ISINs which settle in Euro, because there are more ISINs used for auto-collateralisation in Euro than in Krona. The CR initiator added that although the Change Request was specific to the VP securities, other CSDs might need to use the functionality if they want to settle in Danish Krone, once the currency is available for settlement on T2S. However, during the discussion on the Change Request, some other CRG members expressed that they had not identified the need for the change request.

One of the CRG member mentioned that they do not see the need to replicate the blocking/unblocking of the securities on their side, as settlement in securities that are blocked in Issuer CSD could be continued in other Investor CSD, if the CSD blocking the securities is not involved in the settlement.

Action points:

- VP securities will connect trilaterally with 4CB and ECB to discuss some details related to the Change Request.

Change Request T2S-0493-SYS (Default top priority setup)

The aim of the Change Request is to allow the definition of the Top priority default for CSD participants at CSD level (i.e. not at T2S level).

The manual procedure of assignment of Top Priority as defined in the MOP was presented. Some CSD and DCP representatives mentioned that from their point of view the process is currently not followed correctly, because the existing requests for Top Priority have not been approved or rejected by the OMG yet. CRG members mentioned that there seems to be limited transparency about which settings are already used for the top priority and this creates problems for CSDs who receive a request from e.g. CCPs to set up the top priority. CSDs cannot see which BICs are already set up and DCPs cannot identify with which priority their instructions are processed.

CRG requested to analyse the manual process first, before they can give their business value for CR493. A CRG member suggested to hold this Change Request beyond T2S Release 2.0. Potentially, OMG could conclude that the manual procedure that is in place can be accepted as final solution and the Change Request is not required any longer. A CCP CRG member mentioned that they use the

same BIC in all markets and require the high priority for all related instructions, which is why the Change Request may not be needed.

Action points:

- The ECB will present and check with the OMG whether the manual procedure is workable and could potentially be envisaged as a final solution or at least longer than Release 2.0.
- CRG members will check internally with their OMG members to raise the point on the need for more transparency about which settings are already used for the top priority

Change Request T2S-0559-URD (Prevention of matching (moment of irrevocability) SF2 in case of insolvency of a CSD Participant or a DCA holder)

The aim of the Change Request is to prevent matching of unmatched instructions submitted by an insolvent party (or on its behalf) and aiming at debiting one of its accounts (securities account or DCA).

The CRG members agreed to check with the OMG if the operational procedures currently in drafting would/could cover also the prevention of the matching of instruction of an insolvent party during the timeframe when settlement instruction is received after the opening of insolvency proceedings but is matched before the CSD could cancel it manually. It was clarified that this Change Request is not related to any legal requirement, but only a request from operational perspective to lower manual effort in case of a cross-CSD transaction. Assuming the usage of CR 558 in insolvency cases to reject the incoming instructions debiting an account and if an operational procedure exists then the Change Request would not be required, if the OMG agrees.

Action points:

- The ECB will check with the OMG in the context of CR-559 if
 - they see any need for this Change Request
 - any operational procedure is in place to prevent the matching of instructions of insolvent party during the timeframe when settlement instruction is received after the opening of insolvency proceedings but gets matched before the CSD/NCB could cancel it manually. If such procedure exists then the Change Request can be withdrawn.

Change Request T2S-0569-SYS (Introduce “Not equal” operator for defining rules in T2S rule based models)

The aim of the Change Request is to enhance the T2S functionality for defining rule sets by enabling, in addition to the current “Equal” operator, also the use of a “Not Equal” operator for selected parameters to be used in rule based models

The CRG discussed two topics in the context of the Change Request:

- Inclusion of a “Not equal” indicator for the definition of Case1 Rejection and CSD Validation Hold rules. This discussion is related to the content of CR569.
- Issues related to the maximum number of rules available per CSD/NCB in the context of message subscription. This issue is not part of CR569.

For the Case1 restrictions, some CSD representatives mentioned that they have already found workarounds in order to have a sufficient rules model in place for their migration to T2S. The value of CR569 would have been high prior to the time that CSD’s had defined their models, but would not add a lot of business value now that the models and workarounds are in place. Some members recommended not to include this Change Request in the next scoping exercise, but others were of the opinion that the change proposed by the Change Request is valuable in the context if the number of rules would not suffice and therefore the Change Request should be included.

It was also stated that implementation of a “not equal” operator on the level of the rule set would be much less complex from an implementation and performance perspective. But the CR initiator Clearstream indicated that this would not help for their rule based model, because they require combinations of ‘equal’ and ‘not equal’ parameters within a given rule set or even within a single rule in order for the Change Request to have any value. Therefore this option was not discussed further.

Unrelated to the aim of this CR, for the topic of limited number of message subscription rules available per CSD, Monte Titoli said that they have reached their limit already or at least they expect to reach their limit soon. It was agreed that a separate discussion should be triggered for this by the CSDs affected by the limit. One member assumed that the increase of the maximum number of message subscription rules would probably not have a big negative impact on performance, compared to the negative impact of a hypothetical increase of Case1 rules.

T2S-0587-SYS (Alignment of ISO transaction codes across various T2S ISO messages)

The aim of the Change Request is to address the inconsistency on Settlement Instruction-related messages regarding ISO transaction codes.

It was mentioned that an ISO CR was raised for this topic and that it would therefore be beneficial to implement also the T2S CR as soon as the ISO update is deployed. One of the CRG members was of the opinion that T2S Change Requests which led to an ISO CR should be implemented in the next possible release, without the need for prioritisation. CRG agreed that for this time, the T2S CRs which led to ISO CRs will have to go through the scoring discussion once more, but for the future this approach might be considered.

T2S-0604-SYS (T2S generated instructions should inherit priority from the underlying settlement instructions)

The aim of the Change Request is to ensure that T2S generated settlement instructions are assigned the same priority as the priority specified in the underlying settlement instruction. Currently T2S generated settlement instructions and settlement restrictions are assigned normal priority irrespective of the priority assigned to the underlying settlement instruction.

A CRG member mentioned that CoSD and indirect debit are the only cases in which inheritance of priority from the underlying settlement instruction could be relevant for the outcome of the settlement process.

Action points:

- ECB will update the 'workaround' section in the presentation related to CR-604. New workaround description will be discussed with Clearstream.
- The ECB will share the presentation about remaining Change Requests on hold with CRG 2 weeks before the next CRG meeting on 06 September 2016.

Change Requests which will be part of "Batch 0" for the preliminary assessment

The 4CB informed that 'Batch 0' of "easy" Change Requests includes mature Change Requests for which no cross-checks between the impacted modules are required. The initiator of Change Request T2S-0578-SYS (Additional configuration options for DCPs) proposed to remove the Change Request from the proposed Batch 0, as additional changes are expected to be incorporated, which was agreed by the CRG. The CRG members discussed that the Change Request T2S-0596-SYS (Enhance Settlement Instruction - Details screen to display T2S Matching Reference, the T2S Reference (Market Infrastructure Transaction Identification) and T2S Actor Reference of the Counterparty settlement instruction) should be updated by Monday according to the discussions in the GUI usability workshop if it should be part of Batch 0, this was agreed. 4CB will finalise the preliminary assessment of Batch 0 by 29 July 2016, cob. This will be discussed in the CRG meeting in September 2016.

The 4CB informed that the list of Change Requests to be included in Batch 1 for preliminary assessment will be provided during the CRG meeting in September 2016.

The Chairperson mentioned that since all the mature Change Requests of the current backlog will receive preliminary assessment, the 4CB should be responsible for making a proposal for composition of batches as they need to consider their resource allocation. The Chairperson informed the CRG about the outcome of written procedure for the composition of the batches of Change Requests for preliminary assessment. The Chairperson acknowledged that some CRG members were of the view that batches should be grouped based on the functional areas and some of the members had also suggested the detailed composition of different batches. The Chairperson further added that the 4CB should consider the inputs from CRG members as advice; however the final decision on composition of batches would rest with the 4CB. The CRG discussed that an important factor is the maturity of the scope/wording of the Change Request, to avoid re-work by 4CB and the CRG. The Change Requests

which are less mature should thus be foreseen for the last batch, to allow more time for discussion on them during the next CRG meeting/s. Batch 1 could contain Change Requests which could not be considered in T2S Release 1.3, the 4CB would decide which 18 out of 24 Change Requests already presented for T2S Release 1.3 will be part of Batch 1. The CRG agreed that the Change Request T2S-0508-SYS (Automated scripts for clean-up of dynamic data of leaving CSD in contingency scenario) and the Change Request T2S-0439-SYS (Decoupling of the link between securities and cash accounts for settlement and the link for the provision of collateral) should be part of last batch as these Change Requests were likely to be withdrawn.

The 4CB confirmed that the Change Requests related to CSDR TF and to the alignment to the ISO SR (CR-0612) will not be candidates for preliminary assessment instead they will be only considered for detailed assessments, which are scheduled from 20 February 2017.

The Chairperson informed that from next year onwards, the preliminary assessments will be initiated by the CRG once a Change Request is mature, i.e. as part of the change management process. The preliminary assessments shall be then requested for agreement and recommendation in a CRG meeting. This is according to the Framework Agreement, but has not been done so far, as part of a “gentlemen’s agreement”, to focus priorities at the time.

The detailed assessments are currently handled as part of release management process. The RMSG will discuss whether to include this process (i.e. detailed assessment) into the release management process instead of the change management procedure as change to the operational governance framework.- The reason for this to avoid multiple detailed assessments of a Change Request, due to the potential impact of the scope of other Change Requests which are to be implemented.

CRG decision: The CRG agreed the composition of Change Requests in Batch 0 and recommended the 11 Change Requests for preliminary assessment

Action points:

- The ECB will share the list of Batch 0 with the CRG which includes the information about the CR status and the 4CB "easy" indicator.
- Six SIS will share the updated version of CR 596 by Monday, so that the Change Request could remain in the Batch 0.
- The CR initiators of the Change Requests on hold for future release will indicate if each of their Change Request is in a mature state or not.
- Banca d’Italia will inform ECB next week if CR-439 can be withdrawn.
- The 4CB will present the composition of Batch 1 for preliminary assessment during the CRG meeting in September 2016. The composition of the Batches 2 and 3 will follow thereafter.

6. T2S GUI usability workshop on 8 June 2016

The Chairperson informed the participants that based on the proposals received from OMG, DCPG, CRG, the GUI usability workshop was conducted. Some Change Requests are likely to be raised as a result of the GUI workshop. The summary⁴ of the workshop will be shared with the CRG members.

7. Input requested by the User Testing Sub-group

UT-PBR-073 (T2S returns no settlement related data during SOD - INC182133)

During user testing activities, a Securities Account Position Query (semt.025) was submitted during Start-of-Day (SoD) phase to query current positions in a given account. T2S responded by sending a Securities Status Or Statement Query Status Advice (sese.022) stating 'X000-No data found or no data found within the user's allowed data scope', even if the account did hold positions. Reason for this is that the T2S settlement module does not process any settlement information during SoD and therefore does not provide any positions or balances to be used by the query management module. On the other hand, query requests received during SoD are not queued. This results in the query response "No data found". The user expected T2S to respond with a Securities Account Position Response (semt.040) containing information about the holdings in the account.

The CRG discussed the current behaviour of T2S and concluded that the T2S response text 'No data found' is incorrect and should be considered as a defect. It should be fixed in one of the next releases. The 4CB on the other hand re-confirmed that they do not acknowledge the current response text as a defect, which was already mentioned in their clarification note. In their view, a change request would be required in order to change the response text, because a new T2S Business Rule would be required.

The option of queuing of query requests at SoD, which was mentioned as possible solution in the 4CB note, did not receive any positive feedback in the CRG. Therefore the queuing of position queries should not be seen as a way forward recommended by the CRG.

The UT-PBR shall be forwarded to OMG, including the information that the CRG prefers to provide a more meaningful query response rather than queuing the query. The 4CB agreed to add to the UDFS a paragraph which describes that T2S is not able to return position related information during SoD phase.

In a next step, the CRG discussed the general issue of T2S data base unavailability for position queries between SoD and beginning of night time settlement (18:45 – 20:00 approx.). The CRG members were of the opinion that this bears an operational risk, even if positions have not changed since the EoD. T2S Actors might not have requested EoD positions (via queries or report configuration) or they have requested this information but did not receive it due to whatever reason, technical or operational. If the T2S Actor then identifies during SoD a potential issue which should be investigated, or realises due to other reasons that the information is required, he would have to wait until 20:00 to get the information from T2S.

⁴ The summary of the workshop is published on T2S website:
<http://www.ecb.europa.eu/paym/t2s/governance/sessions/html/mtg32.en.html>

The 4CB mentioned that it might be complex to open the data base for queries during SoD. Instead, they indicated that it could be easier for T2S to respond queries submitted during SoD with position details as per snapshot taken at EoD. The CRG approved this option in general, as positions do not change between EoD and the start of night time settlement.

The CRG members agreed to investigate further if they actually require retrieval of position details during SoD. The CRG also concluded to share the issue with the OMG, to receive the OMG view on the need for position queries during SOD, and on which operational issues might arise if such queries are not possible. In case OMG would be of the view that additional queries during SoD are required. A Change Request would have to be raised.

- Requirements/Specifications

The CRG confirmed that the T2S behaviour to not return any positions during SoD is according to specification. Also queuing of queries during SoD is not foreseen in the requirements. The CRG was of the view that reason codes are expected to correctly describe the reason for a specific T2S behaviour. In the case of queries during SoD, the returned reason text 'No data found' was found to be misleading/ambiguous and therefore CRG was of the opinion that it must be changed to a more appropriate description.

- Business expectations

The CRG expected in query responses to receive an unambiguous reason text which explains why T2S does not provide any information on position data during SoD.

In addition, some CRG members expected to have the possibility to retrieve T2S position data also during the SoD phase. They mentioned that an unavailability of the data base for more than one hour would bear considerable operational risks.

- Potential way forward

The 4CB will add to UDFS, chapter 1.4.4.1.1 'Application processes involved during the start of day' a paragraph which describes that queries received during SoD and requiring information from settlement are not queued and will result in operational errors due to unavailable new settlement related data. This new paragraph shall be added as part of one of the next 4CB Editorial Change Requests. If the UTSG accepts the position from 4CB and agrees that a change request is required in order to change the response text of the query during SoD, then the CRG suggests to pass the topic over to the OMG. They should be asked to discuss if they want to raise such a Change Request to provide a more meaningful query response text for settlement queries submitted during SoD.

CRG members are invited to investigate further if retrieval of positions during SoD is required. The OMG is asked whether there is an operational risk associated to the missing query during SOD and whether they see a need to enable such a query. The discussion shall be continued in the CRG once the feedback from OMG is available.

Potential impact of proposed changes

Not applicable

Action points:

- 4CB will add to the UDFS a paragraph which describes that queries received during SoD and requiring information from settlement are not queued and will result in operational errors due to unavailable new settlement related data.
- The ECB will share the feedback with OMG. The OMG is asked to discuss if they want to raise a Change Request which introduces a new Business Rule to provide a more meaningful query response text for settlement queries submitted during SoD.
- CRG members are invited to investigate further if retrieval of positions during SoD is required.

8. Any other business

Clarification note from the User testing Sub Group (UTSG) on recycling period at EOD:

The CRG members were informed that the note provides detailed description as to how recycling period is calculated for pending instructions in T2S. The CRG members agreed that the clarification provided in the UTSG note should be included in the UDFS via a next editorial CR.

Action points:

- The 4CB will include the clarification provided in the UTSG note about the recycling process for pending instructions and recycling period in the UDFS via a next editorial Change Request.

Processing order of settlement - business scenarios and possible solutions:

The ECB presented the possible solution for the business scenario where parallel processing in the T2S led to younger instruction getting settled instead of an older instruction, when both instructions were competing for limited set of resources. The solution was usage of 'WITH' link for the instruction which is delivering resources required by another instruction to prevent (or terminate) a buy-in and the instruction which is waiting for the resources to be delivered. Upon reminder of a CRG participant for a solution requesting the update of the design, the 4CB reminded that such approach has been definitely dropped. The 4CB also mentioned that the solution must be identified thru the improvement of the existing functionalities.

On the solution of linkage, it was mentioned that this would prevent partial settlement, which could be a problem for some members in some cases.

Action points:

- The CRG members will indicate if linking of settlement instructions is a feasible solution by end of July 2016.

Meeting Calendar:

Some of the CRG members requested to reschedule the CRG meetings in 2017 that fall on Mondays. The Chairperson mentioned that it is preferable not to have meetings in the second half of July and the first half of August, because of the holiday period. Many CRG members cannot attend meeting during this time and any decision or recommendation made during these meetings could be doubted in terms of being a representative view of the CRG.

Action points:

- The ECB will request PMO to reschedule the CRG meetings in 2017 that fall on Mondays to any other days in a week and also the CRG Meeting on 19 July 2016 to 1st week of July 2016.

Council agreement on Prospectus Regulation:

The CRG took note of the council agreement and felt that another escalation may not be of any value as this route has already been tried without success.

<u>Participant's organisation</u>	<u>Name of participant</u>	
European Central Bank	Ms Karen Birkel	Chairperson
European Central Bank	Ms Madhura Satardekar	
European Central Bank	Mr David Weidner	
European Central Bank	Mr Remy Al Sbinati	
European Central Bank	Ms. Carolin Hohmann	
4CB	Mr Arno Friederich	
4CB	Ms Kristin König	
4CB	Ms Mariana Shkurtova	
4CB	Mr Victorien Goldscheider	
4CB	Mr Andrea Dimartina	
4CB	Mr Massimiliano Renzetti	
4CB	Ms Maria Vila Pazos	
4CB	Ms Marian Abendibar	
4CB	Mr Miguel Martinez	
4CB	Ms Wilma Jagomast	
Deutsche Bundesbank	Ms Melanie Gulden	
Bank of Greece	Mr Yorgos Korfiatis	
Banco de España	Ms Anca Parau	
Banque de France	Mr Hervé Angebaut	
Banca d'italia	Mr Michele Zaccagnino	
Banque centrale du Luxembourg	Mr Alexandre Briand	
De Nederlandsche Bank	Mr Erik Beunen	
Banque Nationale de Belgique	Mr Koen Geenen	
Clearstream	Mr Markus Glück	
Iberclear	Ms Pilar Sanchez	
Clearstream Banking AG	Mr Friedrich Franke	
Monte Titoli	Mr Umberto Granata	
VP Securities	Ms Susanne Hass	
SIX SIS	Mr Vijay Joshi	
Centrálny depozitár cenných papierov SR, a.s.	Mr Juraj Aksamít	
Société Générale	Mr Olivier Pierre Laurent Leveque	
LCH Clearnet	Mr Pierre Peczi	
Deutsche Bank	Ms Britta Woernle	
Euroclear	Mr Dan Toledano	
ABN AMRO	Mr Ton Van Andel	

Banque Nationale de Belgique
Clearstream Banking AG

Mr Renan van der Wolf
Tim Werner