

T2S Change Review Group

ECB-PUBLIC

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4 October 2017

Outcome of the Change Review Group teleconference

27 September 2017, from 09:00 to 11:00

0. Introductory session

The chairperson welcomed the new CRG member Peer Stegerwald (Société Générale) who replaces Olivier Leveque from the same institution. The chairperson also on behalf of the ECB team congratulated those T2S actors in Spain, Estonia, Latvia and Lithuania who were involved in the very successful completion of the final T2S migration wave.

The main purpose of the teleconference was to formulate a CRG view regarding the CRG recommendation to the T2S Steering Level on the lot 2 of the detailed assessment process for T2S Release 3.0.

1. Change Requests relevant for T2S Release 2.0

1.1 Change Request T2S-0646-SYS

Outcome

The 4CB informed that the delivery of the detailed assessment of the CR646 (Pre-formatted operational reports at specific times) was delayed because of a finding encountered by the 4CB at a late stage of the detailed assessment.

Follow-up action:

- The 4CB will provide further information about the delivery date of the detailed assessment of the CR646 by 28 September 2017.

1.2 4CB update on production incident INC204677

Outcome

The 4CB informed that they have opened the ticket 201996 to address the resolution of the incident INC204677 (Settlement Instructions settle despite Case 2 blocking restriction on ISIN). According to the 4CB the fix could be delivered as part of R2.0, given a positive discussion in the OMG and PMG/RMSG by the end of October 2017. The fix will be implemented in such a way that the T2S functionality will be in line with the UDFS and the expected T2S behaviour.

The 4CB also concluded that no editorial CR is needed because according to CRG members the UDFS sufficiently explains the future T2S behaviour after the fix.

Subject to the OMG and PMG/RMSG agreement, the 4CB will deliver the fix on INC204677 as part of T2S R 2.0.

Follow-up action:

- None

2. Change Requests relevant for T2S Release 3.0

2.1 Analysis of Change Requests

Change Request T2S-0658-SYS

Outcome

Clearstream explained the changes of the CR and that no ISO change request is needed for all three parts of the CR. The 4CB explained that they could have capacity to assess the CR658¹ and implement it potentially as part of the R3.0, if the scope of the CR is reduced to only cover the processing of the deviating settlement parameter 'settlement transaction type'. Clearstream, the CR initiator, did not agree that the splitting of the CR makes sense from an operational as well as functional perspective and they proposed that the CR should remain on hold to be assessed at a later stage.

In addition, the majority of the CRG members were of the view that no detailed assessment of this CR would be triggered yet as long as higher ranked CRs are not assessed (see also outcome of item 2.2). This is also in line with the proposal of keeping all requirements within one CR, i.e. the advantage of splitting the CR in order to deliver some requirements earlier no longer exists.

The CRG members agreed to put the CR on hold.

Follow-up action:

- None

Change Request T2S-0664-SYS

Outcome

¹ CR 658: T2S should allow and process already matched instructions with deviating settlement parameters on DELI and RECE legs

With respect to CR664² the chairperson recollected that the T2S stakeholders have already agreed (Advisory Group on Market Infrastructures for Securities and Collateral, AMI-SeCo, in July 2017) on the relevant T2S market practice regarding the population of Party 2 Identifiers. As a consequence, the key task for the CRG is to assess whether the CR664, as proposed by the Cross-Border Market Practices Sub-Group (XMAP), supports the relevant T2S market practice.

The CRG members did not identify any reasons to suggest that the CR would not support the current T2S market practice from a technical point of view, but they were of the view that this CR is not of high priority since the T2S market practice is already in place and compatible with T2S existing functionalities.

However, some CRG members were of the view that a third option for a technical implementation of the T2S market practice could be considered by the CR initiator, i.e. XMAP, in addition to the two options already documented in the current CR version. This third option would potentially involve the usage of a dummy code which could be used in either the Proprietary ID field or the Name and Address fields.

The CRG will review the CR at a later stage in view of any further action from the AMI-SeCo governance.

Follow-up actions:

- The ECB team will prepare a note to summarise the feedback from the CRG to the XMAP/HSG. The note will be shared with the CRG members for their comments prior to delivering it to the XMAP and HSG (26-27 October 2017).
- CRG members should liaise with their colleagues in the AMI SeCo governance in view of a potential update of the T2S market practice.

Change Request T2S-0669-SYS

Outcome

The CRG members were of the opinion that the CR669³ was incomplete as it does not indicate the exact impact of the ISO Standards Releases (2013 to 2017) on the T2S flat file reports, securities valuation flat files and Data Migration Tools (DMT). The 4CB mentioned that they will only be able to provide this information as part of the detailed assessment, whereas in the view of the CRG the CR should not be recommended for detailed assessment unless the exact impact is identified. .

The CRG members put the CR on hold. The CR shall be discussed again in the CRG meeting on 23 October 2017.

Follow-up action:

- None

2.2 CRs for detailed assessment in view of R3.0

Outcome

² CR 664: *T2S should allow the population of the dedicated LEI field on Party 2 level*

³ CR 669: *Alignment of Flat files, DMT files and Securities Valuation flat files with ISO Maintenance Releases 2013 – 2017*

The 4CB recalled that they have planned a second lot of detailed assessments in the context of the T2S Release 3.0 (R3.0) from 2 October to 8 December 2017.

Within this context the 4CB presented two alternative proposals for potential CRs to be recommended by the CRG for further detailed assessment. Although the 4CB took into account the business value ranking of the CRs in the CRG backlog, they indicated that they would only have capacity to assess and implement CRs which do not impact the Lifecycle Management and Matching module (LCMM) of T2S. In addition the 4CB will have only limited capacity for CRs that impact the A2A Interface module. The capacity constraint is due to the impact of other CRs on the R3.0 baseline scope. These CRs relate to the CSD Regulation (e.g. penalty mechanism) and the ISO message upgrade on these modules. The 4CB also informed the CRG that they are checking the feasibility to potentially have a third lot of detailed assessments starting at the end of January 2018 for CRs without impact on the above mentioned modules.

Although the CRG members recognised the constraints currently faced by the 4CB team, they were of the view that as a matter of principle and also in line with the CR ranking methodology, CRs should be assessed as per the ranking assigned by the CRG members. In any case, most CRG members were of the view that this recommendation would very soon be the responsibility of the Release Management Sub-group (RMSG) to make and would therefore be more comfortable to leave this action to the RMSG at a later stage. The CRG should share with the RMSG any recommendation it may have for the next CSG meeting. Given the tight timetable, this will be mostly for information.

The 4CB agreed that CRs of a baseline scope are to be assessed and implemented according to the CRG ranking. However, this discussion is to be considered as a change to the R3.0 baseline scope aiming at optimising the use of the available resources. Furthermore, the baseline scope CRs currently under detailed assessment will have an extraordinary size.

As a minimum compromise, CRG members agreed to recommend to the T2S Steering Level (CSG on 10 October) that the CR614 should be proposed for detailed assessment in the context of R3.0 (i.e. June 2019). The CRG considered that the CR614⁴ has synergies with the CR609⁵ (already under detailed assessment) and that a joint implementation would be beneficial as the T2S Actor's adaptation and the 4CB's implementation effort would be minimised.

Follow-up actions:

- The ECB team will present to the CSG on 10 October 2017, the CRG recommendation regarding the launch of the detailed assessment for CR614 and invite the 4CB to check the feasibility to deliver it as part of the R3.0.
- The ECB team will inform the PMG/RMSG and OMG about the CRG recommendation regarding CR614, including the capacity issues raised by the 4CB.

⁴ CR614: Reason code FUTU (Instruction is awaiting the settlement date) should not be used for unmatched instructions

⁵ CR609: 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