

## Final Summary

### Meeting of the Change Review Group (CRG)

04 July 2017, from 09:30 to 17:30

*held at European Central Bank, Frankfurt*

#### 1. Introductory session

The Chairperson, Karen Birkel, welcomed the participants. The Chairperson also welcomed George Kalogeropoulos from the ECB who will support the work of the CRG in the future.

The CRG was informed that Karen Birkel will step back as Chairperson of the CRG from September 2017 onwards. In the future she will support the ECB Market Infrastructure Management Division as Rapporteur of the CSD Steering Group (CSG) and Chairperson of the Operations Managers Group (OMG).

The CRG was also informed that in the future the 4CB will take into account the new categories for the provision of preliminary assessments on Change Requests. The new categories are:

- Very high - Changes with investment cost of more than 700.000 €
- High Changes - with investment cost of less than 700.000 € but more than 400.000 €
- Medium - Changes with investment cost of less than 400.000 € but more than 200.000 €
- Low-medium - Changes with investment cost of less than 200.000 € but more than 100.000 €
- Low - Changes with investment cost of less than 100.000 €

## **2. Feedback on action points from previous CRG meetings**

The participants were informed that only 'open' action points would be discussed during the meeting. The CRG member's feedback on action points that were 'pending closure' would be collected through a written procedure<sup>1</sup>.

**T2SACTION-3117:** Change Request T2S-0632-SYS (To increase the default number of rows to be displayed from 10 to 100 rows per page) - The 4CB will check the reasoning and whether the fact that some screens might not take the default value of rows should be considered as an enhancement in the scope of this Change Request or separately via a production problem.

Update: The 4CB informed that some screens do not follow the standard design in the search result panel. These screens allow to perform further functionalities others than selecting the item (i.e. removal functionality in the table or dynamic treatment). For those screens, the value needs to be changed specifically due to its specificity in the design. The 4CB agreed to provide for the CRG teleconference of 20 July 2017 a list of those screens for which the default number of rows is hard coded. The action point was closed.

**T2SACTION-3115:** Change Request T2S-0632-SYS (To increase the default number of rows to be displayed from 10 to 100 rows per page) - The CRG members will check whether the business need justifies and compensates the cost of the Change Request.

Update: Some CRG members informed that in their view the change requested in CR-632 would be useful but the business need would not justify the costs of the Change Request. The 4CB agreed to provide, for the CRG teleconference of 20 July 2017, an indication about the extent to which the costs of the Change Request could be reduced if some specific screens would not be adjusted to the new default value. The action point was closed.

**T2SACTION-3114:** Change Request T2S-0577-SYS (T2S should allow a report configuration with validity of one day) - The CRG members will check whether the business need justifies and compensates the cost of the Change Request.

Update: The CRG considered that the value which the Change Request would bring does not justify the cost of the Change Request. The CRG recommended the rejection of the Change Request. The action point was closed.

**T2SACTION-3112:** Change Request T2S-0446-SYS (Blocking of U2A interface for submitting new instructions to T2S during reconciliation process post RAD (Recovery After Disaster)) - The 4CB will provide further details about the complexity of the scripts and the actions to be taken to turn back to the original access right values after the recovery after disaster.

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<sup>1</sup> During the written procedure from 5 to 10 July 2017, the CRG members did not raise any objection for the action points with the status 'pending closure'; hence the action points can be considered closed.

Update: The CRG took note of the 4CB reporting on complexity and the detailed cost drivers that justify the cost of the CR. Based on the input received, the CRG will agree via written procedure whether they want to recommend the Change Request for approval or rejection. The action point was closed.

**T2SACTION-3110:** CRG request for CSG guidance on INC204677 - The CSDs will re-assess their current restriction rules framework if they had initially specified their Case 2 restrictions based on wrong assumptions of the T2S processing logic.

Update: The 4CB provided a clarification note which explains the current T2S behaviour related to the processing of Case 2 restrictions. Based on this description CSDs are now able to re-assess their restriction rules framework in case of need. The action point was closed.

**T2SACTION-3107:** Change Request T2S-0654-URD (T2S Penalty Mechanism) - The 4CB will clarify whether it is possible in T2S Static Data to have a security without SME. If this would be possible, the responsible entity for feeding of daily prices for such securities would have to be defined (based on the current working assumption that the SME CSD is responsible for loading this data in T2S).

Update: The action point was closed. See details in Change Request T2S-0654-URD in agenda item 4. Analysis of Change Request.

**T2SACTION-3104:** Corrective/technical maintenance Change Requests - The ECB will analyse how the current Change Request template can be enhanced to present the new parameter for classifying the type of the Change Request.

Update: The CRG discussed the ECB proposal on the enhancement of the CRG template and agreed to add a new section 'Request category' which may have the following values: Corrective/evolutionary maintenance, Regulatory compliance, Standards compliance and Scope enhancements. The ECB will prepare the definitions of the different categories for discussion in the CRG. The action point was closed.

**T2SACTION-3102:** Change Requests on hold for future releases - The CRG agreed to provide the business values for the new Change Requests and old Change Requests on optional basis during a written procedure until 11 August 2017.

Update: The action point remains open.

**T2SACTION-3099:** Change Request T2S-0662-SYS (Possibility to extract bulk of settlement instruction details in csv format in case T2S reporting has not been produced) - The Change Request initiator will

- check if the problem specified in the Change Request was a result of not configuring the correct parameters in the testing environment.

- Clarify why the attributes requested in the csv extract differ from the attributes provided in the equivalent XML status notifications and reports

Update: The CRG concluded that the discussion on any new communication channel for contingency situations (i.e. underlying topic in the Change Requests 647 and 662) is better placed with the OMG. Monte Titoli will bring this topic to the OMG attention. The action point was closed.

**T2SACTION-3098:** Change Request T2S-0653-URD (Partial release functionality) - The ECB will share the Change Request with the SGMS for the advice on below messaging aspects

- how the partial release should be instructed in the sese.030
- how the partial release should be reported in sese.024

Update: The CRG was informed about the SGMS recommendation to use existing fields for sese.030 and to use the Supplementary Data block for sese.024. The Change Request will be updated accordingly. The action point was closed.

**T2SACTION-3033:** Production Incident INC204308 (Back-to-back transactions in partial settlement) - The originator of the incident will look at the Change Request T2S-0590-SYS (Include information from the underlying settlement instruction in the T2S 'Bank to customer statement (camt.053)' and in the T2S 'Bank to customer debit credit notification (camt.054) messages for Settlement, Custody/Asset servicing and Reconciliation) to assess whether there could be any solution to address the reconciliation issue on the cash side.

Update: The action point remains open.

**T2SACTION-3032:** Production Incident INC204308 (Back-to-back transactions in partial settlement) - The originator of the incident will double-check whether the T2S specifications describe the T2S behaviour experienced for the next CRG meeting.

Update: The action point remains open.

**T2SACTION-3019:** Change Request T2S-0647-SYS (T2S Actors should be allowed to extract bulk of outbound messages in XML format) - The CRG will seek the PMG/ISSG input about in the context of the massive manual resend of messages by the T2S Operator, an assessment of the risk of accepting T2S messages with a previous-used business signature (i.e. signature in the Business Application Header) in contingency situations as it could also open the door potentially to accept invalid or fraudulent messages as well.

Update: The CRG was informed the Information Security Sub-group (ISSG) will discuss this topic during their meeting on 13 July 2017. The action point remains open.

### **3. Approval of the summary of previous meetings**

The CRG was informed that the clarification note SDD-PBR-0022 (Long term solution for the priority and partial settlement indicator Matching Attributes in the SI Details screen) was slightly updated to add the related PBI number (PBI000000201508); also the related CRG feedback. The CRG did not raise any objections to the final approval of the related summary, i.e. summary of the CRG written procedure from 7 to 14 June 2017.

### **4. Analysis of the Change Requests**

#### **A) Preliminary assessment on Change Requests**

#### **Change Request T2S-0638-SYS (T2S should allow and process already matched instructions which include the counterparty's securities sub-position to be used for settlement purposes)**

The aim of the Change Request is to allow provision of the sub-balance type of the counterparty in an already matched instruction. Currently the sub-balance type can be provided only for one leg of the transaction.

The CRG took note that the Change Request has a medium impact (i.e. changes with investment cost of less than 500.000 € but more than 100.000 €) and affects the T2S modules Interface (INTF, A2A and U2A), Lifecycle Management and Matching (LCMM), Long-Term Statistical Information (LTSI) and Settlement (SETT).

In addition the CRG agreed that, as a matter of principle, the Data Migration Tools (DMTs) should also be aligned with the changes made to the underlying A2A object. This is i) stemming from a previous OMG decision to keep DMTs up to date and ii) due to the CRG identification of potential business cases in which DMTs could be useful in the future, i.e. change of default earmarking on account level. But it was also mentioned that the cost of DMT maintenance should be tracked, in order to be able to perform a proper cost/benefit analysis of DMT maintenance in the future.

The CRG was in agreement that the Change Request should be classified as 'scope enhancement'.

The CRG confirmed all assumptions taken by the 4CB during the preliminary assessment and agreed that the new feature should only be available for already matched instructions and therefore a business rule should be implemented as part of the Change Request to prevent the provision of the securities sub-balance type of the counterparty for to be matched instructions. The Change Request will be discussed again in the context of the next prioritisation exercise.

CRG decision: The CRG agreed to categorise the Change Request as scope enhancement. The CRG put the Change Request on hold for discussion in the context of the next prioritisation exercise.

#### Action point:

- The Change Request initiator will update the Change Request to indicate that (i) T2S should reject unmatched instructions submitted with the securities sub-balance type of the counterparty and (ii) the Data Migrations Tools should also be aligned with the addition of the new field.

**Change Request T2S-0659-SYS (T2S should allow settlement of instructions with an ‘AFTER’ link to a settled instruction that was subject to conditional securities delivery)**

The aim of the Change Request is to allow submission of a settlement instruction containing an ‘AFTER’ link to an instruction subject to COSD hold once the COSD instruction is settled.

The CRG took note that the Change Request has a low impact (according to the old schema high/medium/low) and affects the T2S modules Long-Term Statistical Information (LTSI) and Settlement (SETT).

The CRG was in agreement that the Change Request should be classified as ‘corrective/ evolutionary maintenance’.

The CRG accepted the finding from the preliminary assessment that with CR-659 in place the T2S internal processing will, for AFTER links, not comply with the general rule to prevent amendments of instructions under COSD. The Change Request will be discussed again in the context of the next prioritisation exercise.

CRG decision: The CRG agreed to categorise the Change Request as corrective/evolutionary maintenance. The CRG put the Change Request on hold for discussion in the context of the next prioritisation exercise.

**B) Change Requests for Release 2.0**

**Change Request T2S-0446-SYS (Blocking of U2A interface for submitting new instructions to T2S during reconciliation process post RAD (Recovery After Disaster))**

The aim of the Change Request is to develop a functionality to allow the T2S Operator to prevent the submission and verification of new U2A instructions, restrictions and cancellations for cash and securities in the T2S GUI during the reconciliation process post RAD.

In a previous meeting some CRG members expressed their view that the benefits of the Change Request may not justify its costs and therefore it was agreed to ask for the opinion of the OMG. The CRG was informed that the OMG, initiator of the CR, indicated at its meeting on 27-28 June 2017 that the Change Request is still required from an operational point of view as otherwise the reconciliation would take longer in case a T2S System user instructs during the reconciliation process after a recovery after disaster (RAD). A CRG member received a different briefing from their OMG member about the need and agreed to clarify it during the CRG written procedure on the Change Request until 11 July 2017.

The CRG took note of the 4CB reporting on the detailed cost drivers that justify the cost of the CR. A CRG member still considered that the Change Request should be rejected because of the value it would bring in comparison with its cost, while other CRG members supported the approval of the Change Request because of the benefits it could bring from an operational perspective. It was agreed to invite the CRG members to interact with their OMG member in their institution and provide a final feedback on the approval or rejection of the Change Request in a written procedure until 11 July

2017. In case of diverging views, the CSG will be asked to take a resolution considering the different CRG views to meet the scheduled start of 4CB implementation work.

CRG decision: The CRG agreed to have a written procedure to gather the CRG member's recommendations. The CRG also agreed to share any diverging view with the Steering Level.

Action point:

- The CRG members will provide the CRG member's recommendations on the approval/rejection of the Change Request in a written procedure until 11 July 2017. The CRG members are invited to liaise with the OMG member of their institution.

**Change Request T2S-0577-SYS (T2S should allow a report configuration with validity of one day)**

The aim of the Change Request is to allow setup of report configuration for one day by modifying the Business Rule DRCV050 so that Valid To date could be equal to or greater than the Valid From date. In a previous teleconference, the CRG considered the Change Request helpful but not mandatory, as there are workarounds in place, i.e. request to the T2S Service Desk or configure the report in the weekend.

The CRG re-discussed the Change Request and came to the final conclusion that the value which the Change Request would bring does not justify its cost and therefore, it recommended its rejection.

CRG decision: The CRG recommended the rejection of the Change Request.

**Change Request T2S-0632-SYS (To increase the default number of rows to be displayed from 10 to 100 rows per page)**

The aim of the Change Request is to increase the number of rows displayed on all the screens from 10 rows per page to 100 rows per page by default.

In a previous teleconference, the CRG considered the Change Request helpful but not mandatory, as the same result can also be achieved by manually changing the number of rows to be displayed from 10 to 100.

The 4CB informed that some screens do not follow the standard design in the search result panel in order to allow further functionalities other than item selection, and to improve the performance. For those screens, the default value for the number of rows to be displayed as per set-up in the related configuration parameter is not taken into account and therefore it needs to be changed specifically as it is hard coded. This affects only a minority of T2S screens, most likely less than 10, compared to the overall number of 97 screens present in T2S. Provided the Change Request approval, the 4CB agreed that during the implementation phase they would check whether the processing logic for those screens could be changed in order to also apply the default value. Otherwise, workaround solutions would have to be found or the value of 100 rows would have to be hard-coded again.

From the background of the perceived high costs of the CR, a CRG member suggested that the Change Request could exclude those few screens from the scope of the CR, in order to reduce its

implementation costs. The 4CB mentioned that they are not in a position to inform about the exact amount to be saved but agreed to provide an indication of the potential cost saving within the next week. The 4CB already anticipated that the cost reduction is not expected to be significant, potentially around 5% to 10% of the overall implementation costs. In addition, the 4CB pointed out that any change of the scope would require an update of the detailed assessment in principle, which might not be ready in time for Release 2.0.

Independent from any potential cost saving, some CRG members were of the view that the Change Request was too expensive in order to justify the costs and that it should therefore be rejected. Other members were of the view that the Change Request was useful but not urgent and that it should therefore be kept on hold. Potentially there could be synergies to be exploited in the future if the Change Request would be implemented together with other CRs which aim to change some screens, e.g. CRs which could result from the broader discussion on the general GUI design. As part of this discussion on member expressed the view that the CRG backlog of CRs would be large enough and that the CRG should therefore aim to make a final decision about the way forward on the Change Request soon.

The CRG also discussed the issue of lost settings in the list screens after re-navigating from a detailed screen. A CRG member would prefer to have the same number of rows displayed when returning to the list screen, if the number of rows was previously adjusted manually (e.g. from 10 to 100). The 4CB on the other hand were not in favour of returning to the previous search result, as the underlying data could have changed in the meantime. Therefore they prefer to perform a new query upon re-navigating, accompanied by a re-setting of the number of rows to be displayed. On the opposite, one CRG member mentioned that some of the underlying data would be rather stable and therefore some costs could be saved by returning to the previous search result instead of performing a new search.

The CRG agreed to re-discuss the Change Request during its teleconference of 20 July 2017 based on the 4CB feedback with regard to the cost if the Change Request only included the update of the screens for which the default number of rows is defined by a configuration parameter.

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

Action point:

- The 4CB will provide the list of screens for which the default number of rows is hard coded.
- The 4CB will provide an estimation of the cost range if the Change Request only included the update of the screens for which the default number of rows is defined by a configuration parameter.

### **C) Change Requests for Release 3.0**

#### **Change Request T2S-0654-URD (T2S Penalty Mechanism)**

The Change Request introduces a T2S penalty mechanism in T2S. The CRG just discussed a minor update of the Change Request recommended for detailed assessment on 23 June 2017. The CRG did not raise any objection to the removal of the Securities Account parameter from the user requirement



T2S.14.1020 (Cash penalty query by T2S Party) as agreed by the initiator of the Change Request, the CSDR Task Force and asked the 4CB to consider this update when performing the detailed assessment.

Action point T2SACTION-3107: Change Request T2S-0654-URD (T2S Penalty Mechanism) - The 4CB will clarify whether it is possible in T2S Static Data to have a security without SME. If this would be possible, the responsible entity for feeding of daily prices for such securities would have to be defined (based on the current working assumption that the SME CSD is responsible for loading this data in T2S).

In the context of the action point from the CRG teleconference on 23 June 2017, the 4CB informed that it is possible to have a security without Security Maintaining Entity (SME) in T2S. The 4CB agreed to investigate about whether there is any security without a SME in production.

One CRG member mentioned that currently the SME of a security is not visible in T2S for other CSDs, which is especially relevant for securities issued by a non-T2S CSD for which the SME in T2S cannot easily be guessed. This may create issues if a non-SME CSD requires a Static Data change but is not able to identify a) which CSD to contact or b) that there is no SME defined in T2S for the security. It was also mentioned that the responsibilities of an SME are defined in the T2S Framework Agreement (FA)<sup>2</sup> and that it would be more difficult to enforce this in case the SME is not known.

One member was of the view that the issue should be tackled at source and that T2S should technically prevent this situation. On the other hand, it was explained that with the current design of T2S, i.e. having the SME in the Security CSD link and not as part of the security object, this would be difficult to realise.

The CRG agreed to inform the CSDR Task Force about this issue, to be considered for the T2S Penalty Mechanism and the feeding of daily prices into T2S. The ECB agreed to prepare a presentation to describe the situation of securities without SME in more detail. The presentation will be available for the CRG meeting on 28 August where the CRG will discuss the matter again.

CRG decision: The CRG did not raise any objection on the updated Change Request following a comment during the CSDR TF written procedure until 23 June 2017 and asked the 4CB to continue the detailed assessment based on the updated Change Request.

Action points:

- The CRG will inform the CSDR Task Force about this issue of T2S securities without SME, to be considered for the T2S Penalty Mechanism and the feeding of daily prices into T2S.
- The ECB will prepare a presentation for the CRG meeting on 28 August to describe the situation of securities without SME in more detail.

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<sup>2</sup> The obligations of an SME are defined in the FA in Article 21 - Obligations of the Contracting CSD related to the provision and use of the T2S Services, paragraphs 6 to 11.

#### **D) Other Change Requests from the market for future T2S Releases**

##### **Change Request T2S-0544-URD (Retroactive Cash Restriction (Cash Blocking and Reservation))**

The aim of the Change Request is to enable user to amend an existing settlement instruction to add or remove cash restriction references.

During previous discussions there was a disagreement between some CRG members regarding the privilege setup required for the new amendment functionality, i.e. whether the new privileges should be based on the level of Securities Accounts and granted to CSDs initially (option 1) or should be based on the level of Dedicated Cash Accounts (DCA) and granted to NCBs initially (option 3) or on both, meaning granted to the CSDs initially on the level of securities accounts and granted to the NCBs initially on the level of DCAs (option 4).

The CRG was informed that a CRG member had re-evaluated the Change Request and that they were now in a position to support implementation option 1. They explained that they are checking to support cross-entity privileges (analysing the legal setup needed to grant the privileges required for the amendment to NCBs) and in case of a positive result would therefore offer to grant the privileges required for the amendment of cash references to NCBs. Under these conditions the Change Request initiator, agreed to go forward based on option 1 and will update the Change Request accordingly. The CRG agreed to re-discuss the Change Request during its teleconference of 20 July 2017 based on the updated Change Request.

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

##### Action point:

- The Change Request initiator will update the Change Request to reflect the usage of two object privileges on securities accounts (i.e. option 1) which will only be valid under the condition of a positive check by one CRG member resulting in the possibility to grant privileges via cross system entity also to NCBs.

##### **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 bundled into files.

The Change Request initiator, presented an updated version of the Change Request which is taking into account some comments previously made by the 4CB. The major change compared to the initial version was the removal of customisation options for the bundling, in order not to negatively impact the performance of the bundling functionality in T2S. Based on the new requirements, T2S would only bundle a fixed set of message types and all users who opted for it would receive the bundled files in intervals of one minute. The CRG was informed that despite the removal of the customisation options, the functionality would remain optional, to be subscribed on the level of recipient party BIC.

The CRG also discussed potential options where to locate the configuration to subscribe or not to subscribe to bundling. One option suggested by a CRG member was to configure it as part of the routing logic where other aspects such as compression could also be defined. Alternatively, it was discussed that the bundling could be defined on the Party technical address level.

The 4CB informed that the T2S bundling functionality considers currently neither the system status nor the date and time and therefore, any bundling would therefore be applied also during NTS. This would result in two separate types of files sent by T2S during NTS for recipients opting for the bundling, i) the existing files containing messages related to NTS settlement activities which are already sent to all users after each NTS settlement sequence and ii) new files which are sent on a regular interval containing T2S outbound messages not directly related to NTS settlement activities. In addition the 4CB preferred to remove from the Change Request the requirement that bundling should not be applied during critical phases of the settlement day, i.e. around the DVP cut-off, because the introduction of such exception in the bundling logic could highly impact the performance of the platform and would significantly increase the implementation effort.

The CRG agreed to get the CRG member's view on (i) the message types that shall be bundled, (ii) elapsed time of 1 minute for sending the files to the recipients and (iii) the application of the general bundling and submission logic without exceptions (e.g. no bundling around the DVP cut-off).

The CRG was of the view that the 4CB could check the best way to optimise the bundling in conjunction with the T2S routing and compression features during the preliminary assessment.

The CRG agreed to re-discuss the Change Request during its meeting of 28 August 2017.

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

Action points:

- The ECB will share the 4CB comments on the Change Request with the CRG.
- The CRG members will provide their view on (i) the message types that shall be bundled, (ii) elapsed time of 1 minute for sending the files to the recipients and (iii) the application of the general bundling and submission logic without exceptions in a written procedure from 4 to 11 July 2017.

### **Change Request T2S-0623-SYS (Standing rebalancing of securities positions)**

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

The CRG was informed that the SGMS approved to raise a new ISO Change Request in order to request the introduction of a new ISO Transaction Code for Rebalancing. Proposed code will be 'REBL' (Rebalancing). The ISO Change Request shall be submitted by the end of May 2018 and could be included in the T2S XSDs with the T2S Release planned for November 2020.

The 4CB informed that the settlement instructions for the end of day rebalancing can only be generated prior to the closure of the real-time settlement (RTS) phase, and not afterwards as currently

stated in the CR. Accordingly, the 4CB envisage to stop the regular RTS settlement a few seconds earlier, in order to have sufficient time to execute the rebalancing based on stable end-of-day (EOD) positions. Postponing the EOD cut-off by a few seconds/minutes was not preferred by the 4CB as the EOD phase is already rather short and reduction of the phase would put the system under even more stress. The 4CB will investigate during the detailed assessment how the T2S daily schedule could be adjusted to better integrate the rebalancing at the EOD and SOD.

The 4CB also clarified that a rebalancing at the start of day based on the quantity moved at the end of day would be difficult to implement, especially if the rebalancing at the EOD would fail. Therefore they preferred the rebalancing to be based on the total quantity at account level. One of the Change Request initiators informed that the rebalancing at the SOD would only be of value to them if the EOD quantity could be moved and therefore they could not make use of the functionality as proposed by the 4CB. The other initiator, on the other hand, informed that they require the SOD rebalancing functionality and that they had found a solution internally which allows that the total quantity is moved.

One CRG member raised concerns regarding the envisaged SOD rebalancing functionality and explained that usually Corporate Actions were instructed based on EOD positions which could be located on a segregated account already, due to EOD rebalancing. If the same balances would be moved back to the original account via SOD rebalancing, the corporate actions would still be performed by default on the segregated account, if not instructed otherwise.

The CRG agreed to re-discuss the Change Request during its meeting of 28 August 2017 after the Change Request update by the Change Request initiators (i.e. (i) the rebalancing of securities can only be configured in U2A, (ii) a new ISO code for rebalancing (REBL) is required, (iii) the requirements for the rebalancing at the start of day, and remaining minor updates included in the slide 5 of the 4CB presentation).

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

Action point:

- The Change Request initiators will update the Change Request to reflect that (i) the rebalancing of securities can only be configured in U2A, (ii) a new ISO code for rebalancing (REBL) is required, (iii) the requirements for the rebalancing at the start of day, and remaining minor updates included in the slide 5 of the 4CB presentation on the Change Request of the CRG meeting of 4 July 2017).

**Change Request T2S-0647-SYS (T2S Actors should be allowed to extract bulk of outbound messages in XML format) and**

**Change Request T2S-0662-SYS (Possibility to extract bulk of settlement instruction details in csv format in case T2S reporting has not been produced)**

The aim of the Change Request T2S-0647-SYS is to allow T2S Actors to extract outbound messages in XML format from the T2S graphical user interface (GUI), whereas the aim of Change Request

T2S-0662-SYS is to ensure that the information related to settlement instructions can be extracted in csv format from the SOPS (Statistics and Operational Services) webpage, which is accessible via the network service provider (NSP), in case of incorrect or missing message subscription.

The CRG was of the view that both Change Requests aim at having an additional communication channel for contingency situations but have different expectation about the output format. It was decided that a broader discussion beyond the Change Requests should take place at the OMG. The initiators of the Change Request agreed to prepare a note for the OMG discussion at its July meeting.

CRG decision: The CRG concluded that the discussion on any new communication channel for contingency situations (i.e. underlying topic in the Change Requests 647 and 662) is better placed with the OMG. The CRG acknowledged that the Change Request initiators would like the OMG to discuss this topic during its meeting on 27-28 July 2017.

Action point:

- The Change Request initiators will provide a description of their requirements and business justification for any new communication channel for contingency situations (i.e. underlying topic in the Change Requests 647 and 662).

#### **Change Request T2S-0653-URD (Partial release functionality)**

The aim of the Change Request is to create a functionality of ‘partial release’ which would allow CSD participants to release a transaction for part of the quantity of a settlement instruction.

The CRG was informed about the following recommendations from SGMS regarding the messaging aspect of the Change Request:

- Securities Settlement Condition Modification Request (sese.030): The SGMS agreed to the CRG proposal to use the field ‘Quantity’ in the ‘Additional Information’ block in order to request a partial release.
- Securities Settlement Transaction Status Advice (sese.024): The SGMS was of the view that the usage of narrative reason fields for the reporting of the released quantity was a misuse of the standards and that in general quantities should not be reported in free text fields. Instead the SGMS recommended the usage of the Supplementary Data block for the reporting of the released quantity. In this specific case the Supplementary Data could be accepted as a permanent solution, because partial release can be considered a market specific functionality of T2S which is not needed by any other market, in line with the latest SMPG consultation.
- The SGMS recommended that for the sake of clarity T2S should also report the quantity that is still on hold.

The 4CB will investigate as part of the detailed assessment how the released quantity and the quantity on hold could best be included in supplementary data block.

Next, the Change Request initiator presented an updated version of the Change Request. The CRG was informed that the initiator proposed a common procedure for the cancellation and the amendment of a partial release, i.e. in both cases the settlement instruction would have to be set to party hold

again. In case of an amendment of the released quantity, the T2S Actor would in a second step send a new partial release request with the new quantity to be released.

The initiator of the Change Request also informed that they have amended the CR in line with the preference of the CRG (expressed during the previous meeting) to have a partial settlement of the partially released quantity (no all-or-none processing), if feasible. In that context, the 4CB clarified that partial settlement of the partially released quantity would also be triggered if the available cash was even less than the available quantity. CRG members added that in this case T2S should report the pending reason code 'CMON' (lack of cash) instead of 'FUTU' (awaiting settlement date), in line with the standard partial settlement reporting. One CRG member mentioned that there could be misleading situations in the reporting if a partial release was requested after the last partial settlement window, i.e. after 4pm, given that, as a rule partially released transactions would only settle within the partial windows. In this case the instruction could be pending with reason code 'FUTU' at the end of the business day (on or after ISD), a situation which does not exist today.

The CRG also discussed the different scenarios applicable after settlement of the partially released quantity was attempted. They were of the view that option C, i.e. settlement failure due to blocking conditions, should not be treated separately. Instead, such cases could be handled in the same way as option B, i.e. available quantity is lower than the partially released quantity or nil.

The CR initiator agreed to update the Change Request as discussed during the meeting. The CRG was in favour of launching the preliminary assessment of the updated Change Request. The 4CB indicated that such preliminary assessment is not feasible in August.

CRG decision: The CRG agreed to have the Change Request updated and recommended the launch of the preliminary assessment of the updated Change Request.

Action point:

- The Change Request initiator will update the Change Request to reflect the CRG discussions (e.g. addition of the SGMS feedback and the removal of bullet point C) related to when there is any other condition which prevents full settlement of the released quantity)

### **Change Request T2S-0665-URD (Multiplex Editorial Change Request on UDFS, UHB and URD)**

The aim of the Change Request is to introduce editorial changes to the GFS, UDFS and UHB.

Regarding item 3 of the Change Request (i.e. error code in the CMB Securities Account Link when the owner of the specified Securities Account must still be authorized to use the specified CMB), the 4CB explained that in case the CMB Securities Account Link needs to be deactivated, the intervention of the T2S Service Desk is required.

The 4CB clarified that the item 4 of the Change Request (i.e. the update of a Party whose opening date is greater than the current business date should be allowed) that the update refers to both A2A and U2A and agree to update the Change Request.

CRG decision: The CRG agreed to have the item 4 of the Change Request updated (i.e. to clarify the description for the A2A and U2A behaviours) and recommended the approval of the updated Change Request.

Action point:

- The 4CB will update the Change Request update to clarify the description for the A2A and U2A behaviours.

## **5. SGMS feedback on Change Requests for future T2S releases**

The 4CB presented a proposal for an update of the Change Request T2S-0612-SYS ((Alignment of T2S Messages with ISO Maintenance Releases 2013 – 2017)) with the removal of the technical generator parameters and the data type from the UDFS Chapter 3 (“Business Rule applicable to the schema” table) in order to ease their maintenance.

### Removal of the technical generator parameters

The 4CB explained that the technical generator parameters were introduced with UDFS version 1.2 to ensure compatibility between MyStandards and the 4CB tool used for messages, GEFEG. The SGMS, following the proposal from the 4CB and SWIFT, was in favour of taking the opportunity of the Change Request T2S-0612-SYS to also remove the generator parameters that are not required anymore as the 4CB discontinued the old message tool. Thus, the T2S customised Data Type Names will be followed the standard Data Type Names as defined in the ISO dictionary. This would reduce maintenance effort in the future and would align the Data Types used in T2S with the standard Data Types defined by ISO.

Moreover, the CRG acknowledged that this Change Request already requires an update of the schemas of all messages used in T2S and the change of Data Type Names could be done at the same time.

In general CRG members agreed about the benefits related to the removal of the Generator Parameters, but they requested some time to analyse the implementation effort on their side connected to the change of several Data Type Names used in the T2S message schemas via a written procedure until 10 July 2017.

### Removal of the data type from the UDFS Chapter 3

The 4CB also proposed to remove the information about the Data Type from all tables which list the business rules applicable to the schemas. These business rule tables are included in all sub-chapters of section 3.3 ‘List of Messages’ of the UDFS (i.e. “Business Rule applicable to the schema” tables). The 4CB informed that the removal of the Data Type information would reduce maintenance costs in the future and that the same information would be available in MyStandards. In addition, they mentioned that the provision and maintenance of duplicate information should be avoided in general and that in a lot of cases the Data Type Names were technical ones which would not allow users to deduct the type of information provided. The ECB informed that the SGMS was in general in favour of the removal, but that they requested CRG members to double check whether the information provided in the UDFS would actually be useful.

Some CRG members commented that in fact the information in the UDFS is useful to them and that with this information a separate access to MyStandards could in many cases be avoided. Considering the additional value of information and despite the higher maintenance costs, the CRG concluded that the Data Type information should not be removed from the UDFS and the 4CB was requested to align the information in the UDFS with the Data Types provided in MyStandards as part of Change Request T2S-0612-SYS.



CRG decision: The CRG agreed to keep the data type of the message fields in the UDFS Chapter 3 “Business Rule applicable to the schema” tables in addition to MyStandards as it is in the current UDFS version.

Action point:

- The CRG members will indicate whether the technical generator parameters in MyStandards Usage Guidelines should be removed in a written procedure until 10 July 2017.

## **6. Operational Governance Framework**

The ECB informed about the on-going Release Management Sub-group (RMSG) review of the Operational Governance Framework document following the principles on release scoping process approved by the CSD Steering Group (CSG)<sup>3</sup>. The updated T2S Operational Governance Framework document and potential updates on the Framework Agreement will be available around 14 July for a 3-week consultation with the CRG, Operations Managers Group (OMG) and Project Managers Group (PMG). An ad-hoc CRG teleconference will be organised at the beginning of August to consolidate the CRG feedback and provide a common view to the RMSG.

In addition, the CRG will have to define how its work will be organised in the context of the new governance. In this respect, the CRG members were of the view that it would be good to have a dedicated session with some of the RMSG members that participated in the review of the T2S Operational Governance Framework at the end of August (ideally during the CRG meeting on 28 August 2017).

In the context of the principles defined in the document, some CRG members anticipated that indeed the CRG does not challenge the need of a CR from other governance bodies but it is under its responsibility to check the completeness of the Change Requests and find other ways from a functional perspective.

CRG decision: The CRG took note of the on-going review of the T2S Operational Governance Framework document by the RMSG and the next steps.

Action points:

- The ECB will set up a CRG teleconference around 4 August 2017 to provide the CRG feedback on the T2S Operational Governance Framework.
- The ECB will organise a dedicated session on the T2S Operational Governance Framework review with the CRG and RMSG members that participated in the review of the T2S Operational Governance Framework at the end of August (potentially during the CRG meeting on 28 August 2017).

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<sup>3</sup> On 25 April 2017, the CSG approved the below principles on release scoping process following the work carried out by the RMSG to improve the soundness of the operational governance given the experience gained in the last years:

- The CRG and OMG ranks Change Requests and Production Problems.
- The RMSG manages the scope definition and updates of the releases.
- The RMSG initiates CR/problem detailed/feasibility assessments.

## **Categorisation of Change Requests**

The ECB presented their proposal to add to the Change Request template the information about the Request Category, as requested by the CSG. The proposed values were:

- Corrective/evolutionary maintenance
- Enhancement/Evolution (Regulation)
- Enhancement/Evolution (Standards)
- Enhancement/Evolution (Scope)

A CRG member mentioned that changes related to regulation or standards cannot always be considered enhancement or evolution and therefore it was suggested to treat them as separate categories which do not mention maintenance, enhancement or evolution at all. Additionally it was suggested by one CRG member to remove the mentioning of 'evolution' completely as it is part of all categories and thus adds little value if it is used in all of them. This view was not shared regarding the 'maintenance' category by another member since only self-explaining names will help to avoid difficult categorisation discussions as experienced in the past. Based on this proposal, other CRG members mentioned that the 'corrective/evolutionary maintenance' category should be seen in a wider sense and that it could also include the fixing of a behaviour that seems to be against the specification but which was not identified by the users originally, for example the case of Bilaterally Agreed Treasury Management (BATM). Accordingly, the CRG concluded that a Change Request could be corrective/evolutionary maintenance in a wider sense, scope enhancement, regulation compliance or standards compliance.

Another CRG member said that in any case a clear definition of the 4 categories would be required in order to prevent future long-lasting discussions in the CRG. In addition it was requested to also clearly define the nature of an incident in order for the CRG to be able to better decide in the future whether a given incident should be treated as a production problem or not.

The CRG also was of the opinion that despite the fact the cost discussion would be related to the categorisation of an incident or Change Request, such discussions should take place elsewhere.

CRG decision: The CRG agreed that corrective/evolutionary maintenance-related Change Request should be seen in a wider perspective (i.e. it could cover bug fixing and software adaptations independently if they were overlooked by the 4CB or by the market)

The CRG was of the view that the Change Requests could be grouped in the following categories:

- Corrective/evolutionary maintenance in a wider sense (exact name to be defined)
- Regulatory compliance
- Standards compliance
- Scope enhancements

### Action points:

- The ECB will draft definitions for the different categories for discussion during the CRG meeting on 28 August 2017.

- The ECB will also provide a definition about how to differentiate Change Requests and production problems considering the definitions elaborated previously by the joint task force group of the CRG/OMG/PMG and the RMSG.

## **7. Functional assessment on particular topics**

### **Production Incident INC204677 (Settlement instructions settle despite case 2 blocking restriction on ISIN)**

INC204677 describes a situation where one leg of a transaction complied with the parameters specified in a negative case 2 restriction rule whereas the other leg did not comply with the parameters. As a result the transaction was settled due to the application of the negative rule (no blocking). The incident initiator, Clearstream, was of the view that the transaction should have been blocked by T2S due to the non-compliance with the rules of the other leg.

The CRG was informed that during their meeting of 13 June 2017, the CSG discussed if the incident should be treated as a defect or if the system works according to specification. The CSG concluded that the topic was too technical for them to make a sound decision. They were of the view that the CRG should agree on the topic and the way forward instead.

The incident initiator presented their view and provided references in the UDFS which support their position. The main argument brought forward was that T2S validates on the level of settlement instructions and that the UDFS mentioned that settlement is blocked if one instruction (as part of a matched transaction) is subject to a blocking condition. The 4CB explained that the UDFS also states that a settlement instruction which complies to the rules defined in a negative restriction is not blocked. They informed that it was a design choice taken by the 4CB that in case of conflicting validation results for negative case 2 restriction the transaction shall be attempted for settlement, i.e. if one leg does not comply to a negative restriction and is therefore subject to a blocking and the other leg complies with the rules and is therefore not subject to a blocking, the transaction is not blocked. According to the 4CB it is nowhere mentioned in the Scope Defining Documents that in case of conflicting validation results for negative case 2 restriction, the transaction should be blocked. On the contrary, they were of the view that Example 23 of the UDFS describes the T2S behaviour in detail. The 4CB did not object a change in the current processing logic and could understand the arguments brought forward by the CRG members, but such change would require a Change Request because the scope defining documents would have to be updated.

The CRG, with the exception of the 4CB, argued that the design choice taken by the 4CB was in contradiction to the general T2S behaviour of always applying the most restrictive condition. As examples for this general behaviour, the CRG members mentioned the processing of the hold status (on leg on hold sufficient to hold the transaction) and the processing of partial settlement (one leg on 'NPAR' sufficient to prevent partial settlement). It was also mentioned that this behaviour would add considerable risk to the settlement process, as the blocking of one instruction could be overruled by

the counterparty. In the view of the CRG members, the UDFS was clear to support their view in all chapters and also Example 23 would not support the design choice taken by the 4CB. Therefore no change to the scope defining documents would be required to support their view and accordingly the 4CB should accept the incident as a defect and fix it as part of a PBI.

The Chairperson could not be convinced by any argument brought forward by the 4CB and therefore concluded that the 4CB should accept the incident as a defect due to the reasons mentioned by the CRG members. The 4CB rejected the conclusion from their side.

The Chairperson closed the topic and informed the CRG that the 4CB and ECB will continue the discussion internally.

CRG decision: The CRG members excluding the 4CB were of the view that T2S should always block a pair of matched instruction for settlement in case there was a blocking condition identified (i.e. positive case 2 restriction or non-compliance with the rules defined for a negative case 2 restriction) in any of the instructions. In this respect, the CRG members excluding the 4CB concluded that there is no evidence in the UDFS and the GFS to support the restriction check at transaction level and that this should be considered as a defect, while the 4CB indicated that a Change Request should be raised to amend the T2S behaviour.

Action point:

- The 4CB and ECB will continue the discussion internally and inform about the way forward.

**OM-PBR-0011 (T2S does not send a camt.019 final NTS message after the NTS file bundling with counter zero) - PBI000000201333**

Currently, at the end of night-time settlement (NTS), a camt.019 (Return Business Day Information message), in addition to the camt.019 RMTS message, final NTS message (FNTS) is sent to the T2S actor which notifies the receiver that the NTS cycle file bundling has been completed and provides the count of files produced during that phase.

In case the customer had no settlement related activities of instructions during the respective NTS period, T2S currently does not send a camt.019 final message.

The expectation of the T2S actor was to receive a camt.019 final message with “0” file reporting signifying that the NTS cycle file bundling has been done and no files were sent.

The 4CB presented the clarification note OM-PBR-0011 during the CRG meeting of 4 July 2017:

[https://www.ecb.europa.eu/paym/t2s/progress/pdf/tg/crg/crg108/07.om-pbr-0011\\_%20pbi201333\\_missing\\_camt.019\\_fnts.pdf](https://www.ecb.europa.eu/paym/t2s/progress/pdf/tg/crg/crg108/07.om-pbr-0011_%20pbi201333_missing_camt.019_fnts.pdf)

The 4CB explained that the T2S behaviour of not sending a final camt.019 message in case of no settlement activity during NTS is correct and a change request would be required in case of change of current functionality is required. They referred to Change Request [T2S-0637-SYS](#) which in their view does not specifically request sending of a camt.019 final message (FNTS) in case no files were sent.

The CRG members referred to the Change Request [T2S-0637-SYS](#) wording, “T2S will send a "final message" after NTS file bundling has been finished on T2S application side. For each recipient, the "final message" will report the number of all files prepared for exactly this recipient for the whole NTS period of the current business day”. The CRG members expressed that zero is also a number and in case zero files have been created, they would expect the camt.019 with a zero counter.

The CRG members further expressed that the final camt.019 message with the information on the number of files (zero or more than zero processed) is needed for reconciliation on the CSD/DCP side.

The CRG members also discussed that with the current T2S behaviour the T2S actor would not be able to ascertain whether the camt.019 has not been sent due to settlement inactivity or due to technical issues. Also the internal automated processes of the T2S actor may be impacted in absence of end of night-time settlement reporting information. Although a second camt.019 with the code “RMTS” is provided, indicating the end of the night time processing, the order of the messages cannot be guaranteed by the 4CB.

In addition to the reasoning provided in the clarification note, the 4CB explained that (i) as a matter of principle and for efficiency reasons, T2S only sends “zero”-messages if explicitly requested (e.g. CR-0537) – which is not the case here; (ii) a CR would be required to change the provided UG, being part of the UDFS; and (iii) users should well know their NTS activities, at least for regulatory purposes. Furthermore, the 4CB explained that a CRG member had already indicated in the written procedure that they would be open to change the logic of its application to manage the reconciliation properly. Finally, some CRG members explained that the business relevance for them is almost not existent as they will always have settlement activity during the night-time settlement.

CRG decision: The majority of the CRG members (e.g. excluding the 4CB) were of the view that T2S should always send a camt.019 (Return Business Day Information message) with the code “FNFS” (final NTS message) after the NTS file bundling, even with the counter zero (i.e. no outbound files sent) to be able to properly manage the change of certain T2S processes in an automated way. The majority of the CRG members also indicated that this should be considered as a defect, while the 4CB requested a Change Request to change the T2S behaviour of not sending camt.019 with the counter zero.

Action point:

- The topic would be re-discussed in the CRG after informing the OMG.

#### **SDD-PBR-0017 (Lowering of the technical maximum file size of T2S outbound messages) - PBI000000161067**

Currently, for the outbound processing, T2S allows a maximum file size of 100 MB for uncompressed communication. When the T2S actor receives a compressed file, the customer application may add some bytes to the file while uncompressing it, which could lead to exceeding of the maximum MQ message size of 100 MB after uncompressing. In such a scenario, the total file size might exceed 100 MB, and then the files cannot be processed by the T2S actor.

The 4CB presented the SDD clarification note SDD-PBR-0017 during the CRG meeting of 04 July 2017:

<https://www.ecb.europa.eu/paym/t2s/progress/pdf/tg/crg/crg108/07.sdd-pbr-0025>

The SDD clarification note explains that the technical maximum file size of uncompressed outbound communication sent by T2S should be lowered to 99 MB. These changes shall be reflected in the UDFS.

The 4CB gave the background that the reintroduction of mandatory compression for outbound communication is planned via this PBI 161067 in R2.0. This is to align the T2S behaviour with the Scope Defining Documents (SDD) and the prioritisation/allocation of the PBI is still to be discussed in an OMG telco on 14 July 2017. The 4CB explained that T2S allows a maximum file size of 100 MB for uncompressed communication. Once the T2S actor receives a compressed file (max size 32 MB), the customer application in process of decompressing the file may add a few bytes leading to a situation that the size of the uncompressed file goes over 100 MB leading to T2S actor being unable to process such a file.

The 4CB further informed that the market Participant CBF has requested the change of the technical maximum file size from 100 MB to 99 MB as a prerequisite for the support of the inclusion of PBI-161067 in R2.0 (re-introduce mandatory compression).

The CRG agreed with the change of the technical maximum file size of T2S outbound messages from 100 MB to 99 MB. However, during the discussion in the CRG, it became clear that a CSD (Monti Titoli) would not be ready to implement mandatory compression by Release 2.0 and planned to communicate their reluctance at the next opportunity in the OMG. The CRG noted that, given the uncertainty on the timing of the implementation of the mandatory compression in T2S, it may be more favourable to separate the two topics so that market participants who prefer to implement compression on an optional basis would not be prevented to do so because of the current technical maximum file size limit. Compression of outbound files is considered a positive practice for the stability of the platform and benefits all actors in T2S.

The CRG decided to await the OMG outcome on whether mandatory compression shall be implemented in Release 2.0 or not, to determine the next steps. In case the OMG would decide to delay the implementation of the mandatory compression beyond Release 2.0, the CRG suggested that a separate CR could be raised, to lower the technical maximum file size of T2S outbound messages from 100 MB to 99 MB. On the other hand, in case the OMG would decide to implement mandatory compression in Release 2.0, both issues could be handled at the same time with PBI 161067.

In case a separate CR would be needed for lowering the technical maximum file size of T2S outbound messages from 100 MB to 99 MB, it should be targeted for Release 2.0 and for that purpose the CRG decided to discuss such CR, if needed, in the CRG telco planned on 20 July 2017. The CR would then be discussed in the CRG telco planned on 20 July 2017, with the aim to start the detailed assessment in view of its implementation in Release 2.0.

If the technical maximum file size of uncompressed outbound communication were not lowered from 100 MB to 99 MB, it could be that some files might not be able to be processed by the T2S Actors.

CRG decision: The CRG was in favour of lowering the technical maximum file size of uncompressed outbound communication sent by T2S from 100 MB to 99 MB.

Action point:

- A CRG member will raise a new Change Request to lower the technical maximum file size of uncompressed outbound communication sent by T2S from 100 MB to 99 MB in case related ticket to SDD-PBR-0017, PBI-161067, is not included in the T2S Release 2.0.

### **SDD-PBR-0023 (Typo correction in the Grant/Revoke Object Privilege screens) - PBI000000161378**

Currently in the T2S GUI screens "Grant/Revoke Cross-System Entity Object Privilege - New/Edit Screen", "Grant/Revoke Object Privilege - Details Screen" and "Grant/Revoke Object Privilege - New/Edit Screen", the label "administration option" has a typo ("Admininstration..." instead of "Administration")

The 4CB presented the SDD clarification note SDD-PBR-0023 during the CRG meeting of 04 July 2017:

<https://www.ecb.europa.eu/paym/t2s/progress/pdf/tg/crg/crg108/07.sdd-pbr-0023.pdf>

The SDD clarification note explains that the typo "Admininstration" would be corrected to "Administration". These changes shall be reflected in the UHB. It also mentions that no impact is foreseen on the T2S actor due to this implementation.

The CRG agreed that the typo "Admininstration" would be corrected to "Administration" in the T2S GUI screens "Grant/Revoke Cross-System Entity Object Privilege - New/Edit Screen", "Grant/Revoke Object Privilege - Details Screen" and "Grant/Revoke Object Privilege - New/Edit Screen".

CRG decision: The CRG supported that the typo "Admininstration" would be corrected to "Administration" in the T2S GUI screens.

The CRG agreed to the implementation proposed in the SDD clarification note as well as the updates to the User Handbook (UHB).

### **SDD-PBR-0024 (Prevent modifications to set the DCA Opening date to a date earlier than the Valid From date of the account holder) - PBI000000200156**

Currently, a T2S Actor can update a T2S dedicated cash account (DCA) so that its opening date is before the Valid from of its account holder.

The 4CB presented the SDD clarification note SDD-PBR-0024 during the CRG meeting of 04 July 2017:

<https://www.ecb.europa.eu/paym/t2s/progress/pdf/tg/crg/crg108/07.sdd-pbr-0024.pdf>

The SDD clarification note explains that the Business Rule DCU1213 needs to be modified to add a check on the backend so that the Valid from of the Account holder is checked when modifying the Opening date of the DCA. These changes shall be reflected in the UHB.

The CRG agreed that the BR DCU1213 should be amended so that when updating a DCA the Opening date of the account must be equal or greater than the Valid from of the Account Holder. The CRG also clarified that the same change is not needed for Securities Account (SAC) amendments, because the related validation is in place for SACs already.

Once the change is implemented, the T2S actor will not be able anymore to update a DCA with an Opening date which is lower than the Valid from of the Account Holder.

CRG decision: The CRG supported that T2S should not allow an update to a DCA with an opening date lower than the Valid from of the Account Holder.

The CRG agreed to the implementation proposed in the SDD clarification note as well as the updates to the User Handbook (UHB).

**SDD-PBR-0025 (Allow the Valid To of a Securities Account Restriction to be equal to the Valid from of the relevant Restriction type) - PBI000000201298**

Currently, a T2S Actor is not allowed to update a Securities Account Restriction when its Valid to date is equal to the Valid from of the Relevant Restriction type.

The Business Rule DAU1209 requires that the Securities Account Restriction which is updated has its Valid to date greater than the Valid from of the relevant Restriction type.

The 4CB presented the SDD clarification note SDD-PBR-0025 during the CRG meeting of 04 July 2017:

<https://www.ecb.europa.eu/paym/t2s/progress/pdf/tg/crg/crg108/07.sdd-pbr-0025>

The SDD clarification note explains that the Business Rule DAU1209 needs to be modified to ensure that an update of a Securities Account Restriction with its Valid to date equal to the Valid from of the Relevant Restriction type is possible. These changes shall be reflected in the UDFS and UHB. It also mentions that no impact is foreseen on the T2S actor due to this implementation.

CRG decision: The CRG supported that T2S should allow an update of Securities Account Restriction when its Valid to date is equal to the Valid from of the relevant Restriction type.



The CRG agreed to the implementation proposed in the SDD clarification note as well as the updates to the User Detailed Functional Specifications (UDFS) and User Handbook (UHB).

## **8. Any other business**

### **Status Update on the ISO registration of T2S Pillar III messages**

The CRG took note that 12 Pillar III messages out of 71 are currently not subject to any pending T2S Change Request and the registration process can start after some preparatory work scheduled for September 2017.

#### Action point:

- The 4CB will prepare the message models for 12 Pillar III messages that are not subject to any pending T2S Change Request after their investigations planned in September 2017. The 4CB will also provide the planning for the registration of the remaining Pillar III messages.

### **Different securities validation to own-used assets required for regulatory reasons**

The CRG was informed about the ECB Guideline which requests to have an additional valuation haircut for own-use assets in place for a major T2S Release after the migration period (i.e. Release 3.0). The CRG discussed the related Change Request, T2S-0574-URD (Applying additional haircuts to own-used assets in T2S Central Bank auto-collateralisation) in 2015 and put it on hold.

The implementation of this additional valuation haircut requires that the T2S close link database is fed. The Central Banks are not using the close link database currently given some limitations in the database; in order to address these limitations they have raised other Change Requests to separate close links processes for client and CB collateralisation (Change Request T2S-0436-URD) and for different currencies (Change Request T2S-0530-URD), and to be able to remove close links in A2A (Change Request T2S-0572-SYS).

The CRG took note that the implementation of this additional valuation haircut is required for regulatory compliance as the Change Requests related to the CSD Regulation are. A CRG member pointed out that it has to be analysed whether these Change Requests are strictly necessary as they could have an impact on the delivery of the CSDR-related Change Requests and other important Change Requests for the T2S Release 3.0.

The Eurosystem is currently checking different elements such as the implementation of the Eurosystem Collateral Management System (ECMS) project, impact on the collateral management systems, etc. The CRG agreed to re-discuss the topic during its meeting of 28 August 2017 after the internal Eurosystem analysis.

CRG decision: The CRG acknowledged that an ECB Guideline from August 2015 requests to have an additional valuation haircut of own-use assets in place for a major T2S Release after the migration period (i.e. Release 3.0) and that a Change Request was raised for that purpose (i.e. T2S-0574-SYS – Applying additional haircuts to own-used assets in T2S Central Bank auto-collateralisation).

The CRG took note that that the implementation of additional valuation haircuts has as a prerequisite that the T2S close link database is filled in by the NCBs, for which some other Change Requests might also be required:

- T2S-0436-URD (Client-collateralisation: allow payment banks to set up their own list of close links)
- T2S-0530-URD (One close link database for Eurosystem NCBs and separate database per non-EUR currency)
- T2S-0572-SYS (A2A message to remove close link)

The CRG was informed that the Eurosystem is currently checking and considering different elements in today's landscape (e.g. ECMS project, impact on collateral management systems, collateral needs, minimum requirements for filling in the T2S close link database...).

<b><u>Participant's organisation</u></b>	<b><u>Name of participant</u></b>	
European Central Bank	Ms Karen Birkel	Chairperson
European Central Bank	Mr Alejandro Del Campo Roiz de la Parra	Rapporteur
European Central Bank	Mr David Weidner	
European Central Bank	Mr Arpit Bhargava	
European Central Bank	Mr George Kalogeropoulos	
European Central Bank	Mr Nikolaus Mader	
European Central Bank	Mr Francois-Guillaume Bertrand	
European Central Bank	Mr Rémy Al Sbinati	
4CB	Mr Arno Friederich	
4CB	Ms Mariana Shkurtova	
4CB	Ms Wilma Jagomast	
4CB	Mr Dirk Beiermann	
4CB	Mr Victorien Goldscheider	
4CB	Mr Massimiliano Renzetti	
4CB	Mr Michael Jennings	
4CB	Mr Miguel Martinez Tahoces	
4CB	Mr Ruben Rubio	
Clearstream	Mr Markus Glück	
Euroclear	Mr Dan Toledano	
Euroclear	Mr Dimitri Pattyn	
Iberclear	Ms Pilar Sanchez	
VP SECURITIES	Mr Kristoffer Kjelsoe Soenderlev	
Centrálny depozitár cenných papierov SR, a.s.	Mr Juraj Aksamit	
INTERBOLSA	Mr Rúben Azevedo	
Monte Titoli	Mr Paolo Riccardo Pacci	
NBB-SSS	Mr Renan van der Wolf	
OeKB CSD GmbH	Ms Ursula Svoboda	
Deutsche Bundesbank	Ms Melanie Gulden-Jesse	
Bank of Greece	Mr Yorgos Korfiatis	

Banco de España	Ms Anca Parau
Banque de France	Mr Christian Leboutet
Banca d'Italia	Mr Luca Rissolo
Banque centrale du Luxembourg	Mr Alexander Briand
De Nederlandsche Bank	Mr Erik Beunen
Deutsche Bank AG	Ms Britta Woernle
Societe Generale	Mr Olivier Leveque
ABN AMRO Clearing	Mr Ton van Andel
BNP Paribas Securities Services	Mr Giorgio Ferraro
LCH SA	Mr Pierre Peczi