EUROPEAN CENTRAL BANK
EUROSYSTEM

DG Market Infrastructure and Payments   **ECB-RESTRICTED**

27 August 2020

| **PMG Meeting** |
| **03 July 2020 (09:30-12:30 & 14:00 – 15:30)** |
| WebEx: Connected |
| **FINAL OUTCOME** |

1. APPROVAL OF THE AGENDA AND INTRODUCTORY REMARKS

Outcome

The PMG chairperson welcomed the participants and introduced the meeting, held remotely due to COVID-19 precautionary measures.

Following requests by the European financial community for a one year timeline extension of the T2-T2S Consolidation project, PMG members took note that a decision of the Governing Council of the ECB was expected in July 2020 after the MIB agreed to support the request. The Chairperson indicated that a detailed analysis of the possible impacts was ongoing and that the objective of the Eurosystem would be to keep the scope of T2S releases stable, to the extent possible.

In addition, the Chairperson indicated that some uncertainty exists following the request by the European Central Securities Depositories Association (ECSDA) to the European Commission (EC) to postpone the entry into force of the CSDR provisions from February 2021 to February 2022. In the hypothetical case that a postponement is confirmed by the EC, a detailed analysis of the possible impacts on T2S would be required although the scope of T2S releases shall remain as stable as possible.

The PMG members approved the agenda of the meeting including a request by a member to discuss some recent disturbances in the test environments, as well as to handle via written procedure the topics subject to a late delivery of the background documents.

2. OUTCOME OF THE PREVIOUS MEETING AND ACTION POINTS

<u>Background documentation</u>
- Outcome of the PMG meeting on 28 & 29 May 2020
- List of Action Points

target | T2S

Outcome

The PMG members were informed that the processing of some late comments on the outcome of the PMG meeting in May was to be shared in written with the PMG.

The PMG members took note of the status updates of the action points and were invited to approve the changes with regards to their status. In particular, the PMG agreed to the following:

T2SACTION-3845 - Process for T2S Risk reporting: the PMG agreed to close AP 3845 since there is a CSG AP in parallel.

T2SACTION-3970 Pre-migration playbook for the connection of T2S to T2: the PMG agreed discuss this topic in November 2020.

3. UPDATE ON CRG ACTIVITIES

Background documentation

- Briefing of the CRG meeting (table document)

Outcome

The PMG took note of the briefing from the CRG meeting held on 02 July 2020.

4. RELEASE SCOPING

Background documentation:

- T2S-0738-SYS
- T2S New Risk - Insufficient time for release activities and knock-on effects on next release

Outcome

Subject to the authorisation of CR-738 by the T2S Steering Level, the PMG launched the detailed assessment of the CR, and asked to consider three possibilities in the assessment: a deployment between R4.2 and R4.3, a deployment with R4.3, and alternatively, a deployment with R 5.0, complemented by the latest date (after the delivery of the CR DA) for taking the release allocation decision.

The PMG agreed on waiting until the detailed assessment of T2S CR 738 - *Bypass check on Issuance account for PFODs on a multi-issued ISIN* becomes available (expected by the end of July 2020) in order to have a better informed discussion on the release allocation. This is expected to be discussed in the PMG call on 7 August.

- T2S CR-384, CR-436, CR-530, CR-572, CR-574, CR-705, CR-680, CR-714
- 4CB Detailed Assessments for R5.0, R5.2 and R6.0

Outcome

The PMG were informed of the CRG recommendation to implement:

i) CR-530 and CR-572 with R5.0;

ii) CR-384, CR-436 and CR-574 with R5.2;

iii) CR-705 with R6.0.

As part of this package of detailed assessments, there were five CRs (CRs-384, -436, -530, -572, -574) which had been firstly assessed in Q3/Q4 2018. As compared to the first detailed assessment, the PMG noted a

substantial cost increase of these CRs and sought an explanation from the 4CB. In this context, the 4CB reminded that the purpose of the first detailed assessments was to have a basis for the ECMS UDFS drafting and explained that the cost increases were mainly due to the stability of ECMS UDFS as compared to the information available at the time the previous detailed assessments were performed as well as the scope of activities missing then, but now included in the detailed assessment (e.g. impact on LTSI, message new message modelling activities). The PMG took note of the request of a CSD towards the 4CB to provide the clarifications on the cost increase to the CSG.

Following the CRG and OMG review of the detailed assessments, the PMG will be invited via written procedure to recommend the inclusion of CR-680 with R5.2 and CR-714 R 5.0 to the Steering Level by 10 July 2020. The T2S Steering Level will be approached until 7 August 2020.

- T2S CR-700
- 4CB Detailed Assessment Planning for R6.0

Outcome

The PMG took note that CR-700 will be updated to reflect the need for a trace-back mechanism of the legal archiving.

The PMG will be informed about this update when the CRG review is concluded. Going forward, the PMG will be invited to formally launch the detailed assessment of CR-700 with view of R6.0 following the T2S Steering Level authorisation.

- Decommissioning of Ascertia Applet with R5.3

Outcome

The PMG took note of the information provided by 4CB with regard to i) the latest date in which the PMG should decide on decommissioning the Ascertia applet in a later release than R 5.3, that is end of September 2021 and ii) the recommendation not to leave the Ascertia applet in place after the migration of T2S to ESMIG. With these clarifications, the PMG agreed to close AP-397.

The PMG provided the view that the decommissioning should come in the form of a PBI/minor change in T2S release 6.0 (in line with the SMG recommendation to address the security risk related to applets at the latest with the migration of T2S to ESMIG), This PBI should be delivered as part of the first package to the testing environments.

- Ranked List of Change Requests (ECB website) – for information

5. CRS IMPACTING COMMON COMPONENTS AND RAISED BY THE T2S COMMUNITY

Outcome

No new Change Requests raised by the T2S community are expected to impact the Common Components.

6. CRS IMPACTING COMMON COMPONENTS AND NOT RAISED BY THE T2S COMMUNITY

Outcome

No new Change Requests raised by other Target Services are expected to impact the Common Components.

6.1. T2S AND THE T2-T2S CONSOLIDATION

Outcome

The PMG took note that the *Management of T2-T2S Test Environments*, which had been produced by the PMG drafting group in the course of the past months, will be subject to updates once the re-planning of CSLD becomes clearer. The PMG was further presented with the possibility of having a workshop with participants of the T2S, ECMS and T2-T2S consolidation communities to start the discussions as of September 2020.

The PMG agreed to put on hold the related *AP 3932 - T2S CRDM data via T2 instance of ESMIG* until there is more clarity on the solution for the interaction of T2S with T2 after T2S migrates to ESMIG.

7. UPDATE ON USER TESTING & MIGRATION ACTIVITIES

Background documentation

- Update on the User Testing and Migration activities

Outcome

The PMG took note of the ongoing user testing and migration activities.

The PMG further took note of the NRO testing results, stemming from the deactivation test performed on 30 June 2020 in EAC. The OMG will be informed on the outcome and asked whether or not they consider the test result satisfactory.

- Timing of the annual T2S Migration Window

Outcome

The PMG members were invited to discuss a new timing from the ECB for the annual standard migration window in T2S.

The new proposal consists of having flexible windows for the migration of new joiners in several slots throughout the year, whereby the new joiners can migrate to T2S upon the PMG consideration of multiple technical and operational requirements.

Upon this proposal, some PMG members raised concerns on the possibility of offering too much flexibility. The PMG agreed to run a written procedure in order to collect views from PMG members as regards to the guiding principles that should be considered if the migration window is to be reviewed (e.g. the migration window should prevent to the extent possible different versions between EAC and UTEST environments and production) as well as any alternative proposal for the definition of the timing of the annual T2S migration window. The PMG will then discuss the topic on the basis of the feedback collected. The PMG agreed to leave the *AP 3900 - T2S migration window* open.

- R5.0 Maintenance Window in EAC

Outcome

The PMG was invited to discuss the number of weeks in which the weekly maintenance window, being set up manually by the T2S Operator, should be scheduled during R5.0 testing in EAC.

The participants agreed that a proposal should be firstly discussed and drafted by the UTSG. The PMG will be then invited to discuss this proposal in the September PMG meeting.

Furthermore, the PMG secretariat agreed to inform the OMG secretariat that a similar proposal for R5.0 testing in UTEST will be needed.

- Disturbances in testing environments [note: originally not part of the agenda and discussed upon proposal of PMG in the meeting]

Outcome

The PMG asked the 4CB to provide a clarification on the root causes of the daily disturbances since mid-June and what is being done to solve them as this is impacting testing activities. This is expected to be discussed in the PMG call on 7 August.

8. PLANNING AND MONITORING OF T2S RELEASES

Background documentation:

- PMG information on release status as of 26 June 2020

8.1 Release 4.2

The PMG will be invited to discuss the updates to the documentation supporting this release.

Background documentation:

- Service Transition Plan for R4.2

8.2 Release 4.3

The PMG will be invited to discuss the updates to the documentation supporting this release.

Background documentation:

- Service Transition Plan for R4.3

8.3 Release 5.0

The PMG will be invited to discuss the updates to the documentation supporting this release.

Background documentation:

- Service Transition Plan for R5.0

Outcome

The PMG took note of the ongoing scoping and testing activities as of 01 July 2020.

The PMG was further informed that the updated Service Transition Plans (STPs) for Releases 4.2, 4.3 and 5.0 as of 25 June 2020 are currently under the CSG and NECSG review. The outcome will be communicated in due course.

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9. T2S STATUS UPDATE ON PLAN AND RISKS

Background documentation:

- Status update on risk and plan

Outcome

The PMG took note of the *T2S Status update on Issues and Risks* including the review cycles by the technical groups planned during the summer period (week of 10 August 2020, final consolidated version expected on 27 August 2020) in the context Q2 2020 T2S Risk review update.

As part of the *T2S Risk ID 94 - Disruption of T2S Release management activities related to R4.2* monitoring, the 4CB and PMG members were invited to report any issue that could impact the successful go live of R4.2 due to the COVID 19 and did not report any issues.

The draft updates on T2S Evolution risks will be shared with the PMG in advance in order to facilitate their review by PMG members over the summer period.

- T2S Summary Plan, T2S Release & Migration Calendar

Outcome

The PMG took note of the T2S Release and Migration Calendar.

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10. LESSONS LEARNT

10.1 Lessons learnt from R4.0

Background documentation:

- Lessons learnt from R4.0

Outcome

The PMG was presented with a collection of observations identified in the course of the release planning and testing campaign of R4.0, and was then invited to discuss the lessons learnt that could be drawn from the delivery of R4.0 with view of improving future deliveries. The comments made by the participants will be considered and incorporated in a new version that will circulate via written consultation to the PMG until the end of July 2020.

10.2 Catalogue of Lessons Learnt

Background documentation:

- Catalogue of lessons learnt

Outcome

The PMG were invited to discuss the Catalogue of Lessons Learnt. The comments made by the participants will be considered and incorporated in a new version that will circulate via written consultation to the PMG until the end of July 2020.

10.3 Release Quality Indicators

Background documentation:

- Release 4.0 quality assessment

Outcome

The PMG took note of the indicators computed to assess the quality of T2S release 4.0 and agreed to address comments via written consultation until the end of July 2020.

11. UPDATE ON OTHER GROUPS ACTIVITIES

11.1 Operational Management Group – OMG

Background documentation:

- Update on the OMG activities

Outcome

The PMG took note of the OMG ongoing activities (amongst others drafting of the T2S MOP v4.2; working on the dry runs for the penalty mechanism in production; follow-up on INC270812 which occurred on 25 May 2020).

11.2 Security Management Group – SMG

Background documentation:

- Update on the SMG activities

Outcome

The PMG took note of the SMG ongoing activities.

Furthermore, the participants agreed to drop the usual SMG debriefing from the PMG agenda as a regular agenda item and request it upon need in the future.

12. ANY OTHER BUSINESS

12.1 External Examiner Recommendations

Outcome

The PMG took note of the outcome of the CSG discussion on the consensus approach. As agreed by the CSG, absent CSDs should request a written procedure regarding a particular issue or recommendation prior to the physical meeting when receiving the agenda. In the absence of such a request, all conclusions are accepted if agreed by the CSDs present.

In addition, the PMG took note that a mandate review will take place over the summer and renewed every 3 years, according to the latest resolution of the CSG.

12.2 Timing of PMG meeting and calls

Background documentation:

- T2S Meeting Calendar 2020

Outcome

The PMG was invited to approve the changes proposed to the meeting calendar regarding the calls taking place over the Summer and agreed to:

i)   cancel the calls on 17 July and 14 August 2020;
ii)   reschedule a call from 31 July to 07 August 2020;
iii)   keep all other calls unchanged.

Furthermore, the PMG took note that the annual calendar planning exercise with view of 2021 will take place over the summer.