EUROPEAN CENTRAL BANK

EUROSYSTEM

t2s
TARGET2-SECURITIES

16 May 2017

SUMMARY OF THE
19th MEETING OF THE T2S DCP GROUP (DCPG)

Held in Frankfurt at the European Central Bank, meeting room C2.05, Sonnemannstraße 20,
60314 Frankfurt am Main on the 25 April 2017

0.   Welcome and approval of the agenda

Mr. Topa (Chairperson) welcomed the participants who subsequently approved the agenda for the meeting.

1.   Review and update of recent issues

1.1   DCP consolidated list

Mr. Topa informed the members of the DCPG that the DCP's consolidated list of DCP declarations had reduced by three DCPs, one on the books of the Clearstream Frankfurt (Main First Bank AG) and two on Iberclear's (Deutsche Bank AG and Intesa Sanpaolo S.p.A.) and that the list could be considered as complete.

1.2   AMI-Seco update

The DCPG members were informed that Mr Topa had debriefed the AMI-SeCo in their meeting on 6-7 March 2017 about the activities of the DCPG; in the presentation given to the AMI-SeCo (available here on the AMI-SeCo website and will be included on the DCPG website) specific references were made to the different activities in which the DCPG was involved and on proposal for future activities, such as DCPG completion of the T2S migration, release and deployment activities related to future T2S releases and continuous contributions to Change Request consultations (for the CRG), among others. The AMI-SeCo's reaction was very supportive of these initiatives and suggested that the DCPG continue with its work under the new AMI-SeCo governance. Mr. Topa also informed DCPG members about the ECB initiatives that were discussed in that meeting, including the European Issuance Services (EIS) presentation. Concerning the EIS, Mr Topa gave the same EIS presentation as in the AMI-SeCo meeting, whereas it was proposed that the ECB could take more initiative and asked DCPG members to share any comments (even though only on a preliminary basis). The DCPG members did not have any questions

nor did they make any proposals on the topics. Mr Topa finally informed the DCPG that Mr Rui Matos from Interbolsa has substituted Mr Hugo Rocha in the AMI-SeCo.

1.3 CRG update

Mr Del Campo (ECB CRG) debriefed the DCPG members of the outcome of the CRG discussions in its meeting of the 28 March 2017 and presented the status on the Change Requests as follows:

- CR559 - Prevention of matching (moment of irrevocability) SF2 in case of insolvency of a CSD Participant or a DCA holder, the CRG asked the CSG to withdraw the CR, however the CSG requested that the ECB to check whether there are legal requirements defined by the CSG insolvency Task Force that could impede the withdrawal the CR. The reason for the request to withdraw the CR is that the OMG has already established an insolvency procedure without the need to have the CR, the high CR implementation effort and the low business value assigned by the CRG.

- CR655 - T2S should allow updates of maturity date for matured ISINs, was recommended by the CRG for detailed assessment to be included in release 2.0 potentially. The CR will allow CSDs to correct the maturity date themselves without the need of the T2S Operator.

- CR646 - Pre-formatted operational reports at specific times) was raised by the Data Access Task Force (DATF), is currently under detailed assessment until 10 May 2017 and the 4Cb are checking whether it could be deliver before Release 2.0. The DCPs have interest in these Daily reports as they would contain information that could be used to retrieve DCP data from 4CB and as best practice, the data could be sent to the DCPs by their CSDs.

- CR660 - Long Term Statistical Information improvements and performance optimisation (Phase 1), which has been raised by 4CB to bring improvement on the platform without cost to the market. This CR was recommended by the CRG for detailed assessment and the 4CB are checking the possibility of delivering it as part of the R2.0.

- The 4CB presented to the CRG a list of issues raised by the OMG with T2S production incidents that require to be solved after wave 4.

  Follow-up: This presentation will be shared with the DCPG.

- CR647 - T2S Actors should be allowed to extract bulk of outbound messages in XML format, the CRG was of the view that the CR647 (i.e. usage of GUI channel to resend messages) would not be the right answer to the exceptional situations related to the connectivity issues at NSP level as both A2A and U2A will be down. Regarding the alternative of a massive manual resend via a request to the T2S Service Desk and the concerns about the risk of accepting T2S messages with a previous-used business signature, the CRG also agreed to check with the security experts. Some CRG members were of the view that other channels could be explored like secured e-mails. The CRG will continue the discussion in the next CRG meeting.

- PBI 200623 - Sequencing not correct, this problem ticket refers to the inconsistent sequence numbers of notification messages sent by T2S in case instructions are sent very close to the end of the day. 4CB will amend the date linked to the message sequence number that will be equal to the business date on which the status notification is created.

> The DCPG members should take note that until the fix to solve the problem in production is deployed the T2S Actors should avoid sending instructions very close to the change of business day as a mitigation measure.

Mr Del Campo thanked the DCPG member for their contribution in the CRG consultation on CR 653 - Partial Release Functionality and mentioned that the DCPs outcome reflected an interest in using this functionality. However, the drawback to the CR is that if it becomes more complex, it would be more expensive and would have a longer development period. The CR will be further discussed in the next CRG meeting.

1.4   Task Force on improvements to the T2S GUI update

Ms Birkel (ECB) debriefed the members of the DCPG that the Task Force decided to tackle the issue in two aspects: firstly, 4CB will review the possibility of making technical change in the architecture of the GUI and secondly, the PMG will peruse if the technical changes in the architecture of the GUI is the correct solution the issue. The topic was sent to the CSG for their guidance. Furthermore, the GUI workflows might not be working in a correct sequence for which purpose the CSDs will provide GUI screen shots to the 4CB with inefficient workflows. The Task Force also indicated that the ten minute logout period is too short and the CSDs would request to extend it to approximately one hour.

The DCPG is very interested in this Task Force and would welcome DCPG involvement in the future.

2.   Information from other T2S groups, CBs and CSDs

The DCPG members are invited to take note of the information provided in this section, originating from other T2S groups, CBs and CSDs activities on items that are also relevant for the DCPs.

2.1   Information from the Harmonisation Steering Group

The DCPG members were debriefed by Mr Topa on the work in the XMAP, especially on the conclusion of the Catalogue of restrictions rules for all T2S migration waves. He further informed that the next steps for the XMAP group are to work on the cross-CSD activity, which was expected to increase following the migration of wave 4 (but currently remains very low (less than 1% of all the T2S business), and to develop further analysis to understand the reason behind this very low percentage.

2.2   Information from Central banks

The Central Bank representatives had no comments to share with the DCPG members.

2.3   Information from CSDs

CSDs representative will share with the DCPG members' information about relevant recent developments.

2.3.1 DCPs behaviour during End-of-Day processing in T2S

The DCPG members were informed by Ms Amend (Clearstream Banking Frankfurt) about the current state of T2S operational performance after MW4 and after the deployment of some software releases and fine-tuning in the T2S optimisation features, thereby the T2S punctuality has improved greatly. Mr Pattyn

(ESES) also indicated that the end-of-day reporting has improved to the point of having a 15 minute buffer.

2.3.2 DCP Set-up options

Mr Sanchez (Iberclear) informed the DCPG members that the topic of the DCP set-up options concerning the difference between DCP/ICP and the operated/intermediated securities accounts is still being discussed with the ECB. Further information will be provided in the next DCPG meeting.

2.4 Recent DCP consultations

The DCPG members were updated on the consultations in which they had participated during the month of April 2017, these were the following:

- T2S CR 653 – Partial release functionality – Deadline 18 April 2017, please refer to the above agenda item 1.3. Ms Birkel updated the DCPG in section 1.3.
- BNY Mellon has requested a consultation concerning CR-590 cash reconciliation and additional information in T2S messages. Ms Birkel informed the DCPG that this CR was not prioritised by the CRG within the top 10 CRs and should the DCPs consider it a high priority. It was suggested that the DCPs ask their Central Banks or CSDs to give it a higher priority in the CRG voting in the prioritization exercise.

3. Open Issues Register

The rest of the open issues are on-going and no new issues were reported by the DCPG members.

Mr Topa informed the DCPG members that being so close to the migration of the Final Wave all category "A" open issues and some category "B" of the open issues are completed and can be closed, such as:

- A.2 CSD Authorisation
- A.9 General
- A.11 T2S Services not available in DCP mode
- B.3 Restriction rules and MSAs
- B.5 Portfolio transfers

The open issues that remain open are the following:

- B.1 Settlement finality and Insolvency Procedures
- B.2 Settlement Discipline
- B.8 Timing for the opening of new accounts – Ask Final Wave CSDs with they have communicated this information to their communities.
- B.11 Publication of pricing
- B.14 Bulk-release functionality for pending auto-collateralisation instructions

The register will be updated and published on the ECB website.

4. Miscellaneous

4.1 Any Other Business

Members of the DCPG did not raise any further topics.

4.2 Future DCPG meetings (suggested dates with CSG)

The next meetings of the DCPG will take place as follows:

- 13 June (after the CSG meeting at 16:00 CET in the ECB premises)

- 10 October (CSG – tbc)

- 22-23 November (CSG – ECB – tbc)