

DG Market Infrastructure and Payments

ECB-RESTRICTED

PMG Meeting (via WebEx) Outcome

05 March 2020 (09:30-17:00)

WebEx conference call

WebEx: WebEx meeting (password: qaN2FxB43S2G)

Dial-in: +49-6196-7819736 (pause) 145 551 537 # followed by password 72623924 #

MEETING OUTCOME

European Central Bank | Sonnemannstrasse 20 | 60314 Frankfurt am Main | Germany WiFi credentials: Network: ECB-guest | username: GUEST-0120 | password: CwNw52Jt!

1. APPROVAL OF THE AGENDA AND INTRODUCTORY REMARKS

The participants will be invited to agree on the present agenda.

Due to last-minute restrictions on entering the ECB facilities, the meeting had to be transformed into a conference call. The Chairperson suggested postponing non-urgent topics, requiring a discussion in a physical meeting. Participants agreed on the agenda.

2. OUTCOME OF THE PREVIOUS MEETING AND ACTION POINTS

The participants will be invited to approve the outcome of the previous meeting and to go through the list of Action Points.

Background documentation

- Outcome of the PMG meeting on 23 January 2020
- · List of Action Points

Outcome of the PMG meeting on 28 November 2019

Participants approved the outcome of the meeting on 23 January 2020.

Status of open action points

Following discussions on below agenda items, the action points will be updated as follows:

<u>T2SACTION – 3750</u> 'T2S Community migration to ESMIG': the participants discussed the presentation under agenda item 8.1 and took note of the progress made in a dedicated PMG drafting group whose works will complete by beginning of April 2020 – *Action Point remains open*.

<u>T2SACTION – 3845</u> 'Process for T2S Risk reporting': a workshop will be organised with PMG and OMG representatives during the second half of April aiming at concluding the topic in the July PMG meeting – *Action Point remains open*.

<u>T2S ACTION – 3863</u> 'Measuring T2S quality': After collecting and integrating comments via written consultation to the PMG participants on the Release Quality Indicators, no additional comments were raised – *Action Point to be closed.*

<u>T2SACTION – 3883</u> 'Catalogue of Lessons Learned': A proposal for the Catalogue of Lessons Learned was presented under item 11.2, which will be circulated for comments after the meeting – *Action Point remains open*.

<u>T2SACTION – 3900</u> 'T2S Migration Window': the Eurosystem is currently analysing possible future migration windows to T2S and will revert to the PMG in the May PMG meeting – *Action Point remains open*.

<u>T2SACTION – 3915</u> 'Coordinated user testing with T2-T2S Consolidation': The participants took note that the UTSG was informed of the proposed dates to connect T2S with the new T2 test environment and that the UT Calendar will be updated accordingly. The PMG DG is finalising the Testing Terms of Reference of EAC and UTEST that will become available by beginning of April 2020 – *Action Point remains open*.

<u>T2SACTION – 3916</u> 'Allocation of 7 CRs in the context of ECMS implementation': upon the provision of further clarification on the tests to be performed in conjunction with ECMS and the related risks, the PMG asked the 4CB to start the detailed assessments for these 7 CRs with view of Release 5.0. The delivery of these detailed assessments on 29 June 2020 should allow for a discussion in the July PMG meeting – *Action Point remains open*.

<u>T2S ACTION – 3917</u> 'Clarification on the open questions regarding CR-722': the PMG will discuss the open question with participants from other technical groups in a dedicated conference call taking place in mid-March 2020. – *Action Point remains open*.

Finally, the PMG agreed to open four action points:

<u>T2S ACTION – 3929</u> 'CR-691 – Set up of 'max recycling of matched instructions' with R4.2'

<u>T2S ACTION – 3932</u> 'Access to T2S CRDM data via T2 instance of ESMIG (prior the migration of T2S to ESMIG (R6.0)'

UPDATE ON CRG ACTIVITIES

The Eurosystem will provide an update on the CRG activities.

Background documentation

• Briefing of the CRG meeting (table document)

Participants were debriefed on the outcome of the recent CRG meeting.

The detailed assessment for CR-383 (Possibility of submitting already matched cross-CSD settlement instructions) will be provided by 6 April 2020 (instead of 20 March 2020), given the schedule of the feedback provided by the CRG on questions raised by 4CB.

3. RELEASE SCOPING

Based on new information received, the participants will be invited to discuss the allocation of CR-722 to a release (AP-3917) and the allocation of 7 CRs for implementation in the go live of ECMS (AP-3916).

Background documentation:

- 4CB Detailed Assessment of Change Request T2S-0691-URD
- T2S-0691-URD (Recycling period of 60 business days for matched instructions)
- Background information for the release allocation and test planning of 7 CRs related to autocollateralisation
- Planning proposal R5.0 detailed assessments
- Activation and testing of functionalities related to CSDR settlement discipline
- T2S-0722-BFD (Upgrade of non-repudiation for U2A)*
- T2S-0722-BFD NRO technical document*
- T2S-0722-BFD Questions and answers document for T2S technical groups *
- Ranked List of Change Requests (ECB website)
- CRG Annotated Ranking (table document)

The PMG was informed that the CSG decided to activate **CR-691** (Recycling period of 60 business days for matched instructions) on 5 October 2020. The participants agreed to open a new action point on the definition of the 'max. recycling of matched instructions' parameter with R4.2 in EAC, in order to maintain similarity between UTEST and PROD configurations. The UTSG will analyse the testing impact and revert to the PMG [**NEW AP-3929**].

The Eurosystem provided background information to the PMG members on the **planning of 7 CRs** related to auto-collateralisation. Five CRs (384, 436, 530, 572 and 574) are affecting NCBs (and Payment Banks) only and two CRs (680 and 714) will also have an effect on CSDs:

- CR-680 allows CSDs to flag "ECMS-relevant" accounts for EOD reports and results in the creation of a new MSA being the same for all CSDs. This MSA does not affect the limit for MSAs per CSDs.
- CR-714 allows defining ECMS as interested party for relocation messages only and requires **CSDs** the involvement of in the configuration. The PMG members discussed the implications of having the technical delivery of the 7 CRs in R5.0 with functional user testing with ECMS being planned after the deployment of R5.0, but not later than R5.2. The detailed assessments should highlight whether, from a technical perspective, pertinent issues with the delivery of these CRs would affect the decision to deploy the respective release. The PMG asked the 4CB to start the detailed assessments on the 7 CRs for Release 5.0. The feasibility for delivery of these CRs with Release 5.0 will be confirmed only with the detailed assessments that are expected on 29 June 2020 so as to allow for a discussion in the July CRG and PMG meetings (green light at Steering Level expected by 07 August 2020). The PMG will decide on the testing plan following the reception of the detailed assessments.

The Eurosystem updated the PMG members on the status of functionalities related to CSDR settlement discipline. Although the entry into force of the CSDR shifted to 01 February 2021, the T2S penalty mechanism will be technically implemented in November 2020 with R4.2 deployment. The CSG requested technical groups to investigate the feasibility of using the time for performing dry runs in production. The PMG supported the idea to perform dry runs, acknowledging that some practical aspects must be considered (e.g. loading of securities subject to penalties, price feeds, penalty rates, setup of accounts for cash penalties collection, timing for penalty calculation cycle,...). Under this topic, the PMG participants were also invited to discuss the switch on date of CR-692. This CR activates the switch-functionality that sends the status update message by T2S when the status of settlement instructions/restrictions changes from pending to failing. The PMG participants recommended to the OMG the implementation of CR-692 in production with R4.2 deployment in November 2020. The OMG will decide on the precise activation date during its March meeting. In order to perform the settlement of cash penalties, the CSDs have decided to use PFOD instructions. A dummy ISIN should be set-up and each T2S CSD will define itself as Issuer CSD. The SME for this ISIN will be CBF, and that this should be available in PROD, UTEST and EAC before end of March 2020.

With regard to CR-722 Upgrade of non-repudiation service for U2A the participants took note of three new questions added to the Q&A and agreed to postpone the discussion with all relevant technical groups until mid-March. The PMG members were invited to provide comments also in writing.

4. UPDATE ON USER TESTING & MIGRATION ACTIVITIES

The Eurosystem will provide an update on the User Testing and Migration activities.

Background documentation

• Update on the User Testing and Migration activities

The participants were informed about the ongoing activities in the fields of User Testing and Migration activities.

5. PLANNING AND MONITORING OF T2S RELEASES

The participants will be invited to discuss the status on the various releases and the Service Transition Plans of the respective releases.

Background documentation:

PMG information on release status as of 27 February 2020

The participants were informed about the ongoing activities with regard to release management as of 03 March 2020. In the context of a WP running until 05/03/2020, the participants agreed to extend the scope of R4.2 with PBI-205705.

5.1 Release 4.0

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

Background documentation:

Service Transition Plan for R4.0

A written consultation will be organised until 13 March 2020 on the proposed updates to the STP for R4.0 v1.5. This updated version includes 6 CRs and 41 PPs. Additionally, this version foresees the provision of additional information for the Go/No-Go decision on the IAC regression test report for PBIs planned to be deployed after this date.

5.2 Release 4.2

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

Background documentation:

Service Transition Plan for R4.2

A written consultation will be organised until 13 March 2020 on the proposed updates to the STP for R4.2 v1. This updated version includes 14 CRs and 3 PPs. As a result of the discussion under topic 4 of the agenda, the participants agreed to include CR-691 in the scope of R4.2 for updates to the SDDs.

5.3 Release 4.3

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

Background documentation:

• Service Transition Plan for R4.3

A written consultation will be organised until 13 March 2020 on the proposed updates to the STP for R4.3.

5.4 Release 5.0

The participants will be invited to discuss the updates to the documentation supporting this release, including the corresponding SDD delivery plan.

Background documentation:

- Service Transition Plan for R5.0
- Planning SDD for R5.0

A written consultation will be organised until 13 March 2020 on the proposed updates to the STP for R5.0 v1.5. This updated version includes 9 CRs.

6. CR & PBI IMPACTING COMMON COMPONENTS AND RAISED BY THE T2S COMMUNITY

The participants will be invited to discuss the timing and implementation steps (testing, monitoring of readiness, etc.) in view of the changes related to the Eurosystem Market Infrastructure projects.

Background documentation:

No updates

7. CR & PBI IMPACTING COMMON COMPONENTS AND NOT RAISED BY THE T2S COMMUNITY

The participants will be invited to discuss about the CRs and PBIs that are not raised by the T2S community but and still require its involvement or should be informed about.

Background documentation:

Clarification Note on T2-T2S Consolidation change request CSLD CR0031

Participants were informed on the Clarification Note, which explains that a new attribute needs to be added under the cash-account object. This new attribute does not affect T2S functionalities. This note and the underlying CR will be shared with the PMG following the end of the CRG consultation.

7.1T2S and the T2-T2S Consolidation

The participants will be invited to discuss the aspects of how to integrate the T2-T2S Consolidation project to T2S (AP-3750). The drafting group will debrief the PMG on the outcome of the meeting on 27 February 2020, including details on the testing plan of T2-T2S Consolidation (AP-3915).

Background documentation:

- Completing the T2S migration to Common Components in June 2022
- T2S in the T2-T2S Consolidation PMG drafting group (table document)

The participants were presented with the common components that T2S will be using in June 2022 (Release 6.0). On the Common Reference Data Management (CRDM), the participants requested further clarification on the possibilities that users have to maintain CRDM data related to T2S via the T2 instance of ESMIG prior the migration of T2S to ESMIG in R6.0 [NEW AP-3932].

PMG members were debriefed on the status of the work done by the PMG drafting group defining the Terms of Reference for testing during the delivery of the T2-T2S Consolidation project. The PMG approved the proposed dates for connecting T2S with the new T2 testing environments. The Terms of Reference will be finalised by end of March, allowing for the launch of a PMG review early April.

8. T2S STATUS UPDATE ON PLAN AND RISKS

The participants will be invited to discuss the issues/status/risks and to monitor the implementation of the various response plans. The participants will be invited to discuss the T2S plan.

Background documentation:

- T2S Summary Plan, T2S Release & Migration Calendar
- Timeline for the update of T2S project risks and issues in view of Q1 2020

The PMG approved the proposed timeline for the review of the Q1 2020 risks and issues. It was reminded that risks and issues are shared for information and do not require formal endorsement.

9. UPDATE ON OTHER GROUPS ACTIVITIES

9.1 Operational Management Group - OMG

The Eurosystem will provide an update on the OMG activities.

Background documentation:

- Update on the OMG activities oral debrief
- RTS Contingency Procedure Testing Strategy

The participants were informed about the ongoing activities of the OMG. The discussion on the testing strategy for the RTS Contingency Procedure was postponed to the next physical PMG meeting in May 2020.

9.2Security Management Group - SMG

The Eurosystem will provide an update on the SMG activities.

Background documentation:

• Update on the SMG activities - oral debrief

The participants were informed about the ongoing activities of the SMG and the SMG Task Force.

10. LESSONS LEARNT

10.1 Lessons learnt from R3.3

The participants will be invited to discuss the lessons learnt from R 3.3.

Background documentation:

Lessons learnt from R 3.3

The participants were invited to discuss the observations and lessons learnt from R3.3. With regards to the observation on deployment issues, the participants stressed the importance of defining clear actions from lessons learnt that have been previously identified and the need to monitor their implementation in future releases. Regarding the proposal for updating the STP upon the existence of de-scoped items, the participants were invited to provide comments until 20 March 2020.

10.2 Catalogue of Lessons Learnt

The participants will be invited to discuss the proposed framework to monitor the implementation of lessons learnt.

Background documentation:

Catalogue of lessons learnt

The participants were presented with a draft proposal of the Catalogue of Lessons Learnt. The purpose of this document is to record the lessons learnt from previous releases and mitigation measures, and to monitor implementation. The participants were invited to provide comments until 20 March 2020.

11. ANY OTHER BUSINESS

11.1 External Examiner Recommendations

The ECB will present the recommendations made by the external examiner relevant for the PMG.

Background documentation:

• External examiner recommendations relevant for the PMG

The PMG was informed on the recommendations issued by the External Examiner regarding the functioning of the PMG. With regard to defining a process to regularly review and update the mandates of the technical groups, it was agreed to await CSG guidance.

11.2 Timing of PMG meeting and calls

The PMG will discuss the upcoming planned activities.

Background documentation:

• T2S Meeting Calendar 2020

The next PMG meeting is planned to take place on 28 & 29 May 2020 in Madrid, Spain.