

Source: Framework Agreement – Schedule 8 – Annex

Mandate of the CSG

1. Preamble and Objectives

The TARGET2-Securities (T2S) Services that the Eurosystem offers to Central Securities Depositories (CSDs) in Europe allow for the core, neutral and borderless settlement of securities transactions on a Delivery versus Payment basis in Central Bank Money. This is performed in a single technical platform integrated with Central Banks' Real-Time Gross Settlement systems for all participating currencies.

The Governing Council and the CSDs signing the Framework Agreement (FA) and thus participating in T2S (hereinafter the 'Participating CSDs') agree to establish the CSD Steering Group (CSG). The CSG discusses all matters of relevance for Participating CSDs. The CSG supports the decision-making process in the multilateral T2S Service by providing the Eurosystem with the CSDs' common position on matters of relevance for Participating CSDs. The CSG works within the 'Governance' specified in Schedule 8 of the FA.

2. Responsibilities and Tasks

The CSG is responsible for articulating and coordinating the views of Participating CSDs within the T2S Governance. It is the T2S Governance body which, with respect to a set of matters stipulated in the FA, makes resolutions and gives advice on behalf of the Participating CSDs.

The CSG has the possibility to give its advice or agree on a resolution on any issue related to T2S. The CSG gives its advice and makes resolutions in particular on:

- any issue brought to the Governing Council that has implications for the FA;
- changes to the FA and its Schedules, in line with the applicable procedures;
- issues of major interest concerning T2S;
- changes to the T2S Scope Defining Set of Documents, in line with the applicable procedures specified in the FA Schedule 8 (Governance) and Schedule 9 (Change and Release Management);
- the prioritisation of Change Requests stemming from Participating CSDs;
- material subcontracting;
- disputes between the Eurosystem and non-euro area NCBs upon the invitation of the T2S Board, the Governing Council or the NECSG;
- any other consultation request of the T2S Board or the Governing Council;
- crisis management;
- risk issues;
- operational issues;
- monitoring the T2S Service (in accordance with the Service Level Agreement);
- pricing issues;
- acceptance for testing and go-live, and
- on any matters of relevance in relation to the FA.

On all other matters having an impact on the Participating CSDs, the CSG is informed about envisaged decisions of the Governing Council or the T2S Board and the CSG shall be provided with sufficient time to formulate any objections it may have. A disagreement between one or more Participating CSD and the Eurosystem can be escalated from the working and sub-structure level to the CSG and shall follow the dispute resolution and escalation procedure specified in Article 42 of the FA. The dispute resolution and escalation procedure does not preclude a subsequent Arbitration procedure pursuant to Article 43 of the FA.

3. Composition and Term

The CSG is composed of:

- as full members, the CEOs/members of the managing board of Participating CSDs/groups of Participating CSDs that have signed the FA;
- up to six User representatives, as observers, proposed by the T2S Board and nominated by the Governing Council for a renewable term of two years, based on applications from the European Banking Federation (EBF), the European Savings Bank Group (ESBG), the European Association of Co-operative Banks (EACB), the Association for Financial Markets in Europe (AFME), and the European Association of Clearing Houses (EACH); and
- the T2S Board Chairperson and other members of the T2S Board as observers.

The CSG Chairperson is elected by the full members of the CSG for a renewable term of two years. The CSG Chairperson may invite other observers on an ad-hoc basis (e.g. one representative of the 4CB) and may restrict the participation of observers representing Users on an ad hoc basis; the T2S Board Chairperson is informed of such decisions in advance. The CSG Chairperson appoints a highly experienced member of staff of the ECB as CSG Secretary. The CSG Chairperson may designate an alternate to replace the CSG Secretary in exceptional circumstances.

The CSG's mandate becomes effective on the Agreement Date and expires with the replacement of the FA by a new agreement and/or with the termination of the FA by the signatories.

4. Reporting

The CSG gives its advice and makes resolutions to the T2S Board as the managing body of T2S, upon invitation or on its own initiative. The T2S Board establishes procedures to inform other T2S Governance bodies of relevant CSG resolutions and advice. The CSG may send its resolutions directly to the Governing Council if the CSG considers that the General Principles of T2S or other core elements of T2S are at risk. The CSG may seek the advice of the T2S Advisory Group.

5. Working Procedures

Detailed working procedures are to be specified in the 'Rules of Procedure' drafted by the CSG and endorsed by the Governing Council. Any member of the CSG may propose a resolution or an advice. CSG resolutions and advice are subject to a double majority, defined as the simple majority of the Participating CSDs, provided that they represent at least 75% of securities settlement transactions in T2S.

As a rule, the CSG meets once every quarter. Additional meetings may be called by the CSG Chairperson, the dates of which are communicated sufficiently in advance to the CSG. In principle, meetings take place at the ECB's premises. The ECB provides operational and secretarial support to the CSG.

The CSG may establish technical groups to support its work if considered necessary. It coordinates with the T2S Board who organises the work in such a way that all relevant Governance bodies are properly involved without duplicating technical groups on similar topics. As part of the transparency principle of T2S, CSG resolutions and advice are in general published on T2S's website.