21 January 2019

SUMMARY OF THE 27$^{\text{TH}}$ MEETING OF THE DCP GROUP

__Wednesday, 19 December 2018, 10:30 – 11:30__
The meeting was held by conference call

1. Welcome by the Chairperson

The Chairperson, Marcello Topa, welcomed the participants to the 27th T2S DCP Group (DCPG) conference call meeting. The agenda of the meeting was approved without adding any additional ad-hoc item. Due to time constraints the participants agreed to change of the order of the debriefing.

2. Review and update of recent issues

The Chairperson presented the Summary document of the 26th DCPG meeting and invited the DCPG members to approve it. The Summary document was approved without any objection.

2.1. Directly Connected participants consolidated list

This Agenda item has not been discussed

3. Debriefing on regular agenda topics

The DCPG members took note of the information originating from other T2S groups, NCBs and CSDs activities on items that are also relevant for the DCPs.

3.1. T2S Operational Status, OMG update

The ECB representative, Markus Stiller, debriefed the DCPG members on the work within the Operational Managers Group (OMG) focusing on:

- T2S MOP updates

The MOP and Annexes v.3.0 have been shared with the OMG participants for comments. The drafting will be finalised in January in order to approve the two documents by the OMG participants on the 30/01/2019.

The OMG Drafting Group is currently working on the MOP v.3.2 in order to reflect all the changes related to the CRs scoped for R3.2. The drafting process will be finalised by the end of June and approved by the OMG by the end of July 2019 (before the deployment of the release in pre-production)

- Operational Related Tests

No Operational related tests have been executed in December 2018. The tests execution will start again in January 2019 with the ORT where T2S UTEST is open on a Kronos2 test environment opening day but TARGET2 CUST closing day on 10 January 2019.

- Hotfix management

Currently the OMG participants asked to fix 3 PBIs (PBI203725, PBI203856 and PBI203990) via Hot-fix release.

3.2. CRG update

The ECB representative, Olivier Leveque, debriefed the DCPG members on R.2.3, R3.0 and R3.2 and the Change Requests (CRs) scoped for R3.0 and R3.2.

- Release 2.3 will only include PBIs.
- Release 3.0 (June 2019):
  - ➤ CR-686 (Enhanced reporting for market claims and transformations) has been added to the release scope. CR-686 complements CR-520 (Add new fields to T2S messages sese.020, sese.024 and sese.025 needed for CA processing) for the reporting of market claims, transformations and cancellations. Both change requests are of relevance to the DCPs.
  - ➤ Two editorial change requests were added to the scope – the changes will be reflected in the next version of the T2S Scope Defining Documents
  - ➤ CR-612 (Alignment of T2S Messages with ISO Maintenance Releases 2013 - 2017) – The CR was updated by fixing typos (paths for fields in specific messages, etc.). The switch to the new message versions will take place in June 2019. The ECB team confirmed that it was not foreseen to have an overlapping period where old and new versions of messages would be accepted by T2S.
- Release 3.2 (November 2019):
  - ➤ CR-653 (Partial Release functionality) was updated to complement the business rules applicable to the new Partial release process, as well as how T2S will report a successful partial release to the parties.

Please find below the ECB website link to all T2S CRs for your convenience:

https://www.ecb.europa.eu/paym/target/t2s/governance/html/changerequests.en.html

In addition, the Change Review Group has published an updated ranking of CRs on the ECB website, which will be taken into account by the Project Managers Group to propose the scope of the next T2S releases (https://www.ecb.europa.eu/paym/target/t2s/governance/pdf/crg/t2s_cr_ranking.pdf).

3.3. T2S Release Management process

This topic was covered in the agenda item 3.2

3.4. T2S Migration/De-migration

3.4.1. T2S Migration window 2018

Due to time constrains this agenda item was not discussed

4. Additional topics

4.1. CSG meeting update

Due to time constrains this agenda item was not discussed

4.1.1. CSG Settlement Efficiency Workshop

NBB-SSS' representative, Jimmy Steenhout, debriefed the participants on the main conclusion of the second workshop on Settlement Efficiency held on 29th November 2018 on the below topics:

- The market understands that the implementation of CR-653 – partial release functionality – should help improve the overall T2S settlement efficiency. This CR should be implemented in Release 3.2.
- The market questionnaire asking the markets about the use of "on-hold" instructions and what could be done to improve the settlement efficiency in T2S. Especially, as the on-hold instructions are responsible for 40% of the fail reasons in T2S.
- Analysis report provided by 4CB – whereby the results of the analysis conducted by the 4CB i.e. on the Market Settlement Efficiency Indicator (MSEI), which is on average ~94% for volume and value. The analysis encompassed two new indicators:
  - ➢ Speed of resolution: The analysis shows that 90% of the settlement instructions which are not settled on the Intended Settlement Date (ISD) are settled during the first two days thereafter and after 7 days (kick-in of buy-in period according to CSDR) almost no unsettled transactions are left and

> Late Matching: Instructions entering T2S late are not taken into account in the settlement efficiency calculations currently but would (retroactively) decrease the MSEI by ~1,5%, i.e. T2S would have a MSEI of ~92,5%, taking into account late instructions. Therefore the CSG decided to request that the CSDR-TF evaluates whether instructions that are matched after ISD could be taken into account in the settlement efficiency indicators.

> NTS simulation – several NTS cycles with partial settlement sequence were added to the simulation. The results found that the settlement efficiency improved significantly by end of NTS.

> Partial Settlement in RTS – the analysis was conducted with a proxy and the results of adding two new partial settlement windows with a duration of 30 minutes and extending two existing ones two 30 minutes (currently they are of 15 minutes) resulted in the increase of the settlement efficiency.

In order to improve the settlement efficiency the CSG has approved that the OMG should work on a CR to extend to 30 minutes the duration of two partial settlement windows (the first and the fifth one) in Production and to have two new partial settlement windows of 30 minutes at 0 AM and 6 AM. It was clarified that the OMG is currently working on the CR that should undergo to the standard governance process approval. The CRG representative also clarified that the changes are light therefore they could be also be implemented out of the scope of a specific release but the need to change the technical documentation has been identified. Nevertheless, the CR would need to undergo the full CR process.

The CSDs representatives announced that the CSG agreed to organise by the end of Q1 2019 one more workshop to follow-up on the topic. The participation of all the markets was encouraged and recommended.

4.1.2. CSDR Taskforce update: T2S Penalty mechanism update,

Due to time constrains this agenda item was not discussed

4.1.3. T2S Connectivity

The ECB representative, Ignacio Terol, informed the participants of the T2S procurement process to select the NSPs and that the licences would expire in 2022. Due to which, a new procurement process will start in mid-January 2019. The ECB representative also clarified that

a. it will not be called licence but concession
b. the procurement will be done not only for T2S but for all the TARGET services (future RTGS services, TIPS, T2S and ECMS)
c. the new tender-procurement will request up to three NSPs, which should meet the eligibility requirements set by the Eurosystem and will be selected based on the

maximum prices criteria. The names of the three NSPs will be provided to the T2S community by the summer of 2019.

d. DicoA can start communicating/negotiating the contractual arrangement with the selected NSPs as of July 2019. The service will be anyway provided as of 2022.

Both the TCCG and the CSG have been informed about the process that will be started.

4.2. AMI-SeCo

Due to time constrains this agenda item was not discussed

4.3. Information from DCP

Due to time constrains this agenda item was not discussed

5. Open Issues Register

Due to time constrains this agenda item was not discussed

6. Any other business

Due to time constrains this agenda item was not discussed

7. Next steps: future DCPG meetings (suggested dates with CSG)

Due to time constraints it was agreed to find a feasible date in January to continue with the discussion and touch on all the remaining Agenda items not treated.