Outcome of the Change Review Group (CRG) meeting
28 November 2018

1. Introductory session

Outcome

The CRG chairperson welcomed the participants and introduced the new representatives of Banque Nationale de Belgique, Mr David de Vleeschouwer; of VP Securities, Mr Frederick Løkkegaard; of Danmarks Nationalbank, Mr Bryno Mariager; and of Bank of Ireland, Mr Vinny Duggan. The chairperson took the opportunity to thank Ms Susanne Hass for her very substantial contribution to the work of the CRG as the representative of VP Securities.

The chairperson informed that the Release Management Sub Group (RMSG) had been integrated into the Project Managers Group (PMG), as agreed in the CSG. This results in marginal changes to the CRG processes, i.e. where an interaction with the RMSG was foreseen, the interaction will be with the PMG instead.

The chairperson informed that the CSG, AMI-SeCo and MIB had acknowledged the need for an ISO freeze between November 2020 and November 2023: in T2S release 4.2 (Nov 2020), T2S will upgrade to ISO Maintenance Release 2019; the next ISO upgrade would be in release 7.2 (Nov 2023). In cases of urgent regulatory requirements a solution avoiding an ISO CR will have to be identified.

2. CRG action points list

Outcome

The ECB team provided an update on the status of open CRG action points.

Follow-up action:

- CRG members to provide comments on the closure of action points to the ECB team [7 December 2018]

3. Analysis of change requests

3.1 Already ranked/authorised change requests

T2S-0612-SYS (Alignment of T2S Messages with ISO Maintenance Releases 2013 - 2017)

Outcome

CRG members took note of the changes made to CR-612 to clarify the impact of amended datatype names.

CRG members confirmed their recommendation to the PMG that the updates should be included in CR-612subject to the absence of any objection by 3 December 2018.

Follow-up action:

- CRG members to provide additional comments on the changes to CR-612 [3 December 2018]

T2S-0653-URD (Partial release functionality)

Outcome

CRG members took note of the changes made to CR-653. These changes clarify, for Partial Release requests, which validation rules would determine if a request would be accepted or rejected by T2S, and which validation rules would determine if a request would be executed or denied by T2S. These changes also clarify further how T2S will report released quantities to instructing parties.

CRG members confirmed their recommendation to the PMG that CR-653, in its updated version, should be included in T2S R3.2, subject to the absence of any objection by 3 December 2018.

CRG members also took note that given the different views on the need for market practices on the use of this service (including for example the use of flags related to partial settlement), the AMI-SeCo had agreed on 20 November 2019 that the HSG would consider this issue in its next meeting.

Follow-up action:

- CRG members to provide additional comments on the changes to CR-653 [3 December 2018]

CR-384, CR-436, CR-530, CR-572, and CR-574 (Auto-collateralisation related CRs)

Outcome (all CRs)

CRG members took note of the results of the detailed assessments of the five Auto-collateralisation related CRs, and agreed to inform the PMG that the CRG had no outstanding questions on the functional aspects of the solution designed for these CRs.

The agreement is subject to the updated versions of the CRs to be distributed by the ECB team (inaccuracies/typos).

CRG members took note that a reassessment of these CRs would be needed closer to their implementation date. For example, if R5.2 (November 2021) is confirmed by PMG as target release, the reassessment should be launched by the PMG by September 2020.

Follow-up actions:

- ECB team to distribute the updated version of the CRs to the CRG members [7 December 2018]

T2S-0530-URD (One close link database for Eurosystem NCBs and separate database per non-EUR currency)

Outcome

One CRG member pointed out that the rules applicable to the distribution of financial data may constrain the solution foreseen by the detailed assessment, whereby payment banks would be able to view close links data defined at Eurosystem level.

Follow-up actions:

- ECB team to clarify whether, in line with the Eurosystem rules for monetary policy operations, payment banks should be allowed to access close links data defined at Eurosystem level, as foreseen in the detailed assessment [15 January 2019]

T2S-0574-URD (Applying additional haircuts to own-used assets in T2S auto-collateralisation)

Outcome

CRG members took note that upon implementation of CR-574, T2S will require two valuation fields to be included in the Collateral Value Creation Request messages (reda.024). For valuations provided in flat file format, T2S will ensure backwards compatibility (i.e. accept records containing only one valuation field) until the ECMS go-live. Thus, in order to avoid impacts on their current collateral management systems between the deployment of CR-574 and the go-live of ECMS, Eurosystem NCBs should continue sending valuation data via flat files as per current practice.

One CRG member pointed out that the rules applicable to the distribution of valuation data may constrain the solution foreseen by the detailed assessment, whereby payment banks would be able to view valuation data defined at Eurosystem level.

Follow-up action:

- ECB team to clarify, in line with the Eurosystem rules for monetary policy operations, whether payment banks should be allowed to access valuation data defined at Eurosystem level as foreseen in the detailed assessment [15 January 2019]

T2S-0686-URD (Enhanced reporting for market claims and transformations)

Outcome

CRG members took note that the Corporate Actions Sub Group had no further comments on the functional aspects of the detailed assessment of CR-686. CRG members also took note of release planning information, i.e. while the CR could be included in R3.0, it could only be delivered to the EAC environment in package 4. For this package, testing reports may not be available for the relevant go/no-go meeting. This aspect is to be discussed in the PMG meeting.

In the absence of any questions on functional aspects, CRG members agreed to recommend to the PMG to include CR-686 in T2S release 3.0.

3.2 Preliminary assessed change requests

T2S-0682-SYS (Transaction ages up to 15 days should be differentiated by the settlement optimisation process)

Outcome

CRG members took note of the high complexity of the solutions which could be considered to address the requirements of CR-682, as well as of the associated costs. CRG members also took note that a potential impact on settlement efficiency was detected, as well as of the fact that further investigation (Proof of Concept) would be needed. CRG members also took note that CR-682 did not stem from a regulatory obligation, and aimed at addressing an issue (i.e. unexpected order of settlement) which has been detected only very rarely during T2S operations.

Considering the above, CRG members were of the view that the business case may not be strong enough to pursue CR-682 further, and accordingly invited the CSDR-TF, as initiator of CR-682, to consider whether the CR could be withdrawn in light of the results of its preliminary assessment.

Follow-up action:

- ECB team to convey the feedback of the CRG to the CSDR Task Force [30 November 2018]

T2S-0684-SYS (Handling for outbound messages with amounts exceeding 15 digits)

Outcome

CRG members took note of the results of the preliminary assessment, and that the implementation of CR-684 would likely require some adaptation effort for recipients of T2S messages in order to interpret the string '999999999999999' as an indication that the real amount had more than 15 digits.

Several CRG members supported the current T2S behaviour while others supported the solution envisioned by CR-684. Considering that the preferences were dependent on the operational setup and error handling procedures of each institution, CRG members agreed to consult further the Operations Managers Group a confirmation of their support for CR-684 over the current behaviour of T2S.

Follow-up actions:

- ECB team to convey the feedback of the CRG to the OMG [20 December 2018]

- 4CB/ECB team to confirm that Network Service Providers would carry and deliver messages sent by T2S even if they do not comply with the maximum length defined in the T2S-specific message definition for Amount fields [15 January 2019]

3.3 Candidates for preliminary assessment

T2S-0688-SYS (Enhanced reporting of cancellation reason codes)

Outcome

CRG members agreed to launch the preliminary assessment of CR-688.

Follow-up action:

- 4CB to deliver the preliminary assessment of CR-688 to the CRG by 15 February 2019

T2S-0689-SYS (New process to maximise settlement of transactions at DVP cut-off)

Outcome

CRG members agreed to launch the preliminary assessment of CR-689, and requested that three options are analysed during the preliminary assessment (listed as options 1a, 1b and 2 in the presentation '4CB analysis of CR-689'). Upon the question of a CRG member, 4CB confirmed that, under option 1b, the deadline to stop recycling and optimisation processes would be set before the RMIC event (Reimbursement of Intraday Credit) of any currency, without affecting its timely completion.

In addition, the CRG members agreed that due to the potential impact that this CR may have on the agreed T2S schedule of the operational day, OMG as well as the wider T2S community (i.e. AMI SeCo) could be consulted, if required, at an early stage of the CR change management and release process.

Follow-up action:

- 4CB to deliver the preliminary assessment of CR-689 to the CRG by 15 February 2019

3.4 Editorial CRs

Plan for SDD updates in February 2019 (UDFS 4.0, UHB 4.0, URD 7.0)

This item was not covered during the meeting due to time constraints. The relevant information was provided in the background documentation for the meeting.

4. CRG ranking exercise (full review)

Outcome

CRG members agreed on the ranking of 48 CRs, and agreed to update some of the comments for the attention of the PMG. In addition, CRG members agreed on the principle that CRs with the lowest business values should periodically be considered for withdrawal by their initiator.

Follow-up action:

- CRG members to provide comments to the ECB team on the CR ranking by [4 December 2018]

- ECB team to distribute the final CR ranking to the PMG by [5 December 2019]

- ECB team to liaise with CR initiators regarding the potential withdrawal of CRs by [15 January 2019]

5. Any other business

Bundling of messages post T2-T2S Consolidation

Outcome

CRG members took note that upon the connection of T2S to ESMIG, reference data messages would no longer be bundled together with settlement messages, as under implementation with CR-0613 in R3.2.

CRG members confirmed that bundling reference data messages separately would be acceptable. The bundling mechanism for reference data messages should be the same as the bundling mechanism introduced by CR-613[1], i.e. bundling should be optional and messages bundled in files should be sent when the earliest of 1) a maximum elapsed time or 2) a maximum number of accumulated messages has been reached since the previous file was sent.

CRG members invited the 4CB to determine the most efficient option between 1) bundling securities-related reference data messages together with other reference data messages or 2) bundling these two groups of reference data messages separately.

Follow-up actions:

- 4CB to raise a CR (at no cost) to introduce the agreed changes, including UDFS updates, to the bundling functionality when T2S connects to ESMIG [date to be defined]
- ECB team to inform the T2-T2S Consolidation project team of the outcome of the CRG meeting [30 November 2018]

Message validation post T2-T2S Consolidation

This item was not covered during the meeting due to time constraints and will be rescheduled.

Authentication and Non-Repudiation of Origin (NRO) post T2-T2S Consolidation

Outcome

CRG members took note that the requirements of CR-444 (User authentication without USB-token/SmartCard for GUI-access) would be achieved when T2S connects to ESMIG, as licensed network service providers for ESMIG would be expected to support a Hardware Security Module (HSM) based solution.

On this basis, the CR-444 initiator agreed to keep the CR on hold, with a view to updating it in the future should any functional or editorial changes be required in T2S as a result of the use of an HSM-based solution for authentication and NRO.

Handling of clarification notes in the CRG

Outcome

CRG members took note of the explanations provided by the ECB team on the handling of clarification notes in the CRG and in particular of the cases in which clarification notes may result in Change Requests.

Status update on the registration of Pillar III messages

This item was not covered during the meeting due to time constraints.

5.1 CRG meeting dates

Outcome

The next meeting of the CRG is scheduled for 23 January 2019, to be confirmed at the latest 4 weeks in advance.

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[1] T2S-0613-URD (T2S should give the possibility to receive outbound T2S messages bundled in files)