

SUMMARY OF THE 24TH MEETING OF THE DCP GROUP

Monday, 16 April 2018, 15:00 - 16:30

Meeting held by conference call

Conference call dial-in +49 69 1344 987 (pause) 2107# followed by the required PIN 3296#

1. Welcome by the Chairperson

The Chairperson, Marcello Topa, welcomed the participants to the 24th T2S DCP Group (DCPG) meeting. The agenda of the meeting was approved without adding any additional ad-hoc item.

2. Review and update of recent issues

The Chairperson presented the Summary document of the 23rd 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

The Chairperson informed the members of the DCPG that the DCP's consolidated list of DCP declarations was updated with the inclusion of one DCP to the declared DCP list increasing from 165 to 166.

2.2. DCPG Mandate

The Chairperson informed the DCPG members that the new DCPG mandate was approved by the T2S Governance bodies (CSG on 9th February, MIB (written procedure) and Ami-SeCo on 5-6 April 2018) and it is published on the ECB website [please add the link?].

3. Debriefing from T2S Technical groups, CSDs and National Central Banks

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

3.1. Information from ECB

3.1.1. CRG update

The ECB representative, Olivier Leveque, debriefed the DCPG members on the Change Requests (CRs) relevant to the DCPs that are planned to be included in release 3.0, these were the following five CRs:

- CR520 Add new fields to T2S messages sese.020, sese.024 and sese.025 needed for CA processing. The Corporate Action Sub-Group request to replicate in status updates and settlement confirmations in respect of claims the INFO link included in the claim instruction itself if any. The CR would also introduce a new reason code CANT for cancellations, when they relate to a transformation, and allow specifying the CA event ID in this case.
- CR587 Alignment of ISO transaction codes across various T2S ISO messages. The CR will correct the inconsistency as some of the ISO transaction codes used in an incoming Settlement Instruction are not included in the subsequent related outbound/inbound ISO messages and reports.
- CR542 Enrich the Bank to Customer Debit/Credit Notification (camt.054) with data elements securities account Owner Parent BIC and securities account Owner Party BIC. The CR will allow the cash message to include the BIC code and parent BIC code of the securities account owner, allowing the payment bank to identify the T2S actor for whom the settlement was performed.
- CR590 Include information from the underlying settlement instruction in the T2S 'Bank to customer statement (camt.053)' and in the T2S 'Bank to customer debit credit notification (camt.054) messages for Settlement, Custody/Asset servicing and Reconciliation). The CR will allow the population of Securities Settlement information (ISIN, CA event ID and type, SAC, settled quantity) on the T2S 'Bank to customer statement (camt.053)' and the T2S 'Bank to customer debit credit notification (camt.054) messages.
- CR543 Minimum amount for auto-collateralisation transactions. The Central Banks will be able to specify the minimum amount of liquidity provided through auto-collateralisation on a DCA on behalf of a payment bank, for both central bank auto-collateralisation and client collateralisation. This is expected to reduce the number of auto-collateralisation transactions by providing a liquidity buffer in excess of the credit amount needed to settle a transaction, when the needed amount is lower than the minimum amount defined.

3.1.2. ISSG+ meeting

The DCP representatives in the ISSG+ meeting debriefed the DCPG member of the outcome of the meeting whereby the Eurosystem Market Infrastructure Connectivity Guidance with the security measures has been established for the connectivity to the Eurosystem infrastructures. The measures are already applied by the Central Banks while the payment banks would need approximately a year to apply these measures. The guidance will also become mandatory to DCPs, however a specific deadline was not given. There was a clear understanding that the guidelines with the different VAN providers and the guidance document should be aligned and despite the guidance document was a final version, the DCP representative mentioned that DCP comments would still be accepted in the document.

In the conference call the question arose whether the Eurosystem Market Infrastructure Connectivity Guidance was applicable to both Cash DCPs and/or Securities DCPs; the ECB. The ECB agreed to seek confirmation on this which is pending. The ECB colleagues from ISSG+ have confirmed that as of now the Guidance is mandatory to Central Banks which are T2 participants. It has not yet been made mandatory to any T2S participants.

3.2. Information from CSDs

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

3.2.1. T2S Release Management process

The Clearstream representative, Karla Amend, debriefed the DCPG members on the Releases Status regarding Release 2.0 that has been released in UTEST and will be deployed in T2S Production on the second weekend in June 2018. Ms Amend also informed that release 3.0 had not yet been approved.

3.2.2. Update on the Status of the Collective Agreement

The Clearstream representative, Karla Amend, informed the DCPG members that the Collective Agreement has been finalised and approved and is now in force for all signatories ECB, CSDs and NCBs. The Collective Agreement document was published in the ECB webpage, please find the link below:

https://www.ecb.europa.eu/paym/t2s/progress/pdf/collective_agreement.pdf.

3.2.3. Re-certification and re-authorisation of DCP actors

The Clearstream representative, Karla Amend, informed the DCPG members that the Re-certification process previously discussed in the DCPG meeting in February 2018 was approved by the CSG in its meeting on the 13 April 2018.

3.2.4. Operational Status

The Clearstream representative, Karla Amend, informed the DCPG members that T2S is stable and no incidents to report. The CSDs and ECB is working to finalise Schedule 6 of the T2S FA on the Service Level Agreement for approval by the CSG in their meeting in June 2018. Ms Amend further mentioned that after the discussions in the CSG the CSDs would be happy to start sharing some T2S operational reports with the DCPs in the DCPG forum.

3.2.5. CSG Settlement Efficiency Workshop

The Clearstream representative, Karla Amend, informed the DCPG members that in the CSG February meeting members asked themselves whether T2S can now be considered to have achieved market expectations and whether there were areas for improvement on Settlement Efficiency. In order to address these questions, an ad-hoc CSG workshop was proposed, with attendance extended to DCPG, CRG and OMG representatives, in addition to CSG members. This workshop is now planned for the 3 May.

Ms Amend also debriefed the DCPG members on the CSD Demand Management document (dynamic document) that was shared with the DCPG concerning T2S Financials on pricing. CSDs are requesting comments for enhancement on efficiency and harmonisation topics. There will be a Financial Workshop to further discuss these topics on 17 May 2018.

3.3. Information from Central banks

The Central Bank representatives had no topics to debrief to the DCPG.

4. Information from DCPs

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

4.1. Operations Managers Group (OMG)

The Chairperson informed the members of the DCPG that the CSG meeting on April 12-13th decided that the OMG open agenda items will remain as they are, with no change to the public/private segregation of agenda items. In addition, the CSG decided that under the new DCPG mandate the CSDs will provide to the DCPG more details of all the OMG agenda topics that are relevant for the DCP activities in T2S.

5. Open Issues Register

The Chairperson debriefed the DCPG members on each individual open issue of the Register and suggested to make the following changes to the Register:

Close:

- A.13 Definition of the T2S re-certification process for DCPs. The procedure was agreed by the DCPG in its meeting in February 2018 and approved by the CSG.
- A.14 T2S Communication enhancements from CSDs/NCBs to the DCPs on issues that are of specific interest for the DCPs.

Open:

- B.1 Settlement finality and Insolvency Procedures
- B.2 Settlement Discipline
- B.5 Portfolio transfers.

6. Any other business

The Chairperson informed the DCPG member that the ECB would debrief the members of the DCPG on two topics:

6.1.T2S penalty mechanism - DCP usage of daily and monthly penalty reports

The ECB representative, Nacho Terol, informed the members of the DCPG that in next week's MIB meeting they will discuss the CSDs inter-dependencies on the T2S penalty mechanism and a revised pricing approach aiming to provide more clarity on the costs of the new penalty reports..

6.2.DCPG Connectivity Problems with VAN Providers

The ECB representative, Carlos Corredera, debriefed the DCPG members on the presentation sent from the OMG for information. He informed on the operational risk concerning connectivity Issues that may occur between VAN Provider and the T2S DiCoAs (Directly Connected Actors), which were discussed in the OMG meeting in March 2018.

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

The future meetings linked to the CSG are as follows (to be confirmed, once the CSG meetings are confirmed):

- *14 June 2018 (Milan)*
- *10 October 2018 (ECB)*
- *13 December 2018 (ECB)*