

Outcome of the Change Review Group (CRG) teleconference

14 November 2017

1. Introductory session

Outcome

The chairperson commented on the discussions that are currently taking place within the T2S governance regarding the cost drivers of some change requests (CRs) as well as the scoping of the forthcoming T2S releases. He mentioned that there is an increasing request from T2S stakeholders to better understand the main cost drivers behind the implementation proposals of certain complex CRs, e.g. those connected to the CSD Regulation (CSDR) level II regulatory requirements, prior to their commitment on such implementation.

Within this context, the Eurosystem is of the view that in the new T2S Operational Governance Framework, the CRG should i) focus on the functional analysis of the CRs as has been the case so far and ii) facilitate a better understanding of the main cost drivers associated with the initial requirements as well as the proposed functionalities, in particular of the most complex and expensive CRs. The term “understanding the main cost drivers” is intended here to capture the “what” of the CR costs (i.e. what costs are associated with a proposed functionality) and not the “why” (i.e. why the Eurosystem costs are what they are).

In order to perform its role, the CRG should aim, in cooperation with any relevant governance bodies, to consider and assess alternative solutions for specific CRs and where relevant, e.g. simplified requirements or functionalities, which could have a positive impact on these main cost drivers.

Some CRG members were of the view that the CRG discussion around the CR cost drivers should cover a wider scope than what is presented in point ii) above.

Follow-up action:

- The ECB team to reflect, within the forthcoming CRG issue note [15 December 2017], the role of the CRG in the understanding of the CR main cost drivers.

2. Change Requests initiated by the CSDR Task Force

Outcome

The CRG members confirmed that they did not have any further comments regarding the functional details presented in the 4CB detailed assessment of CRs 600, 606 and 607. However, the CRG members required additional time in order to go through the updates related to CR 609¹ and to receive a confirmation from the CSDR Task Force whether CRs 600, 606, 607 and 609 were stable or included points where several options were still under consideration.

The 4CB clarified that the figures provided as annual running costs for CRs 600, 606 and 609 are based on the worst case scenario. These figures may be subject to updates depending on the results of the non-functional test to be performed during the implementation phase of the CRs and to be provided at the latest before the CR is deployed in Production environment (PROD).

Some CRG members clarified that independently of the delays expected in the CSDR level II approval process (Settlement Discipline RTS), CR 600 is needed in the context of the insolvency procedure and

¹ The 4CB explained that the detailed assessment of the CR 609 was updated in order to include some further UDFS updates which were missing in the version shared for the meeting on 23 October 2017.

Settlement Finality time stamps and therefore it could ideally be considered by the RMSG/CSG in the scope of the T2S Release 3.0 (R3.0).

The 4CB clarified that in order to allow a maximum of synergies and due to the technical dependencies that exist for CRs 600, 606, 607 and 609 in terms of impacting the same functionality, the assessment of these CRs has been done under the assumption of having them implemented on an all-or-none basis. According to the 4CB, any request to have only a subset of these CRs implemented together in R3.0 cannot be handled within the agreed approval schedule (i.e. by end 2017) due to timing constraints as the detailed assessments would need to be repeated to remove all synergies of the joint implementation. Accordingly, if this request materializes the suggested delivery dates for user testing cannot be met anymore.

The CRG agreed to keep the CRs 600, 606, 607 and 609 on hold and discuss them again during its meeting on 15 December 2017 depending on the outcome the discussions in the CSG meeting of 29 November and RMSG meeting on 13 December 2017.

Follow-up actions:

- The CRG members to provide their comments to the ECB team regarding the functional elements of CR609 by **28 November 2017 cob**.
- The ECB team to invite the CSDR TF members to provide their feedback on CRs 600, 606, 607 and 609 by 21 November 2017 cob on (i) whether there is any proposal to simplify the CRs and (ii) to confirm that the business requirements are stable.
- The CRG will discuss the CRs 600, 606, 607 and 609 during its meeting on **15 December 2017**.
- The 4CB to provide the results of the non-functional tests to be performed for CRs 600, 606 and 609 and the possible subsequent annual running cost adjustment during their implementation phase to the technical groups including the CRG (i.e. at the latest before the CR is deployed in Production environment (PROD)).

Change Request T2S-0654-SYS (T2S Penalty Mechanism)

Outcome

The CRG acknowledged the feasibility assessment performed by the 4CB, which confirmed that the CR654 was not feasible for implementation in R3.0 and that the earliest possible release could be R3.2 (November 2019).

The CRG agreed to put the CR 654 on hold and discuss it again during its meeting on 15 December 2017 with the aim to have a better understanding of the CR functional and cost aspects.

The question around the T2S release allocation of the CR is expected to take place in the CSG meeting of 29 November and RMSG meeting on 13 December 2017.

Follow-up actions:

- The CRG members to provide the ECB team with their comments on the functional elements of CR654 by **28 November 2017 cob**.
- The ECB team to provide prior to the December meeting, the CRG members with a presentation aiming at describing the main functional elements of the CR654 detailed assessment and other relevant points of the proposed Penalty Mechanism in T2S.
- The CRG will discuss the CR during its meeting on **15 December 2017**.

3. Change Request T2S-0612-SYS (Alignment of T2S Messages with ISO Maintenance Releases 2013-2017)

Outcome

The CRG agreed to put the CR on hold and discuss it again during the CRG meeting on 15 December 2017 with the aim to provide a recommendation for approval to the T2S Steering Level following the CRG written procedure and potential 4CB updates on the CR detailed assessment caused by the RMSG request on 10 November 2017 for a stand-alone delivery..

Follow-up action:

- The CRG members to provide the ECB team with their comments on the functional elements of CR detailed assessment by **21 November 2017 cob**.

- The 4CB to check the CRG comments of the CR detailed assessment and update it, if required, in view of the **15 December 2017** CRG meeting.
- The CRG will discuss the CR during its meeting on **15 December 2017**.

4. Change Request T2S-0543-URD (Minimum amount for auto-collateralisation transactions)

Outcome

The CRG members welcomed the work of the 4CB, in particular in providing alternative proposals for implementation. The CRG agreed that solution 2c² was the only viable proposal among those presented by the 4CB and the closest to the original CR requirements³ and asked the 4CB to confirm whether the setup or update of the minimum amount would have an immediate effect in T2S when it is created or only an effect as of the following business day.

A CRG member indicated that in case there was an update of the initial requirements of CR543, the amended CR would need to be ranked again before it can be recommended for detailed assessment.

The CRG agreed to discuss the CR during the CRG meeting on 15 December 2017 with the aim to agree on the updated version of the CR and potentially recommend the CR for detailed assessment to the Steering Level. In the meantime the CR initiator, the German National Stakeholder Group (NSG) as well as any other comments by the CRG members will provide their feedback on solution 2c to the ECB team, focusing on the change from the initial requirements.

Follow-up action:

- The 4CB will provide the CRG by **21 November 2017 cob**, with the clarification on the immediate effect (i.e. intraday update) of solution 2c.
- Deutsche Bundesbank, on behalf of the German NSG, to provide the ECB team with feedback on the 4CB proposed solution 2c by **4 December 2017** at the latest.
- The CRG members to provide their comments on the 4CB proposed solution 2c and potential amendment of CR543 by **4 December 2017 cob**.
- The CRG will discuss the CR during its meeting on **15 December 2017**.

² The minimum amount for auto-collateralisation per Central Bank and payment bank will be maintained via attribute domains. The initial setup will have to be done via last-level intervention using an Excel file. The T2S operator can manage a limited number of modifications per day (25-30).

³ For client-collateralisation, the Payment Bank should be able to define one individual minimum amount per customer, i.e. per secondary CMB.