12 January 2018

OUTCOME OF THE 3RD MEETING OF
TARGET INSTANT PAYMENT SETTLEMENT (TIPS)
CONTACT GROUP

13 December 2017 – 09:30 to 17:00

held at the premises of the European Central Bank, Sonnemannstraße 20,
meeting room MB C2.04, on 2nd floor

1. Introduction and approval of the Agenda

The Chairperson will welcome the participants and open the meeting. The members of the Contact Group will be asked to provide their feedback (areas for improvement or suggestions).

Documents:

- *Feedback form*

Outcome:

The Chair welcomed the participants and briefly introduced the agenda of the meeting, which was approved by the participants. He also encouraged the participants to provide their feedback and suggestions to the team for the year ahead by filling an ad-hoc card. The comments will be discussed in the first TIPS Contact Group meeting of next year.

2. Connectivity

The Contact group will receive an update on the status of Connectivity related documentation and on the feedback received on the draft Connectivity Guide. The project team will present the final draft of the Connectivity Guide.

Documents:

- *TIPS Connectivity Guide v1.0*

- *TIPS Connectivity Guide v0.9 Consolidated Feedback*

Outcome

The 4CB project team presented the final Connectivity Guide, already provided to participants as part of the background documentation before the meeting together with the version indicating the new and changed content compared to the previous version.

The 4CB project team also presented the feedback received by 15 November. As agreed during the previous meeting the consolidated feedback (including institutions' names) is shared within the CG in Brainloop in the folder of the background documentation of the current meeting and will also be published on ECB website (without institutions' names). The same approach is being followed for all future consultations.

Following questions from some members, the following clarifications were provided:

- *Only TIPS Participants can sponsor a NSP because they will sign a contract with the Eurosystem and will pass the contractual obligation to the NSP. Central Banks can also nominate NSPs as they are part of the ESCB. TIPS Participants must nominate the NSP also for their Instructing and Reachable parties. As a result the TIPS Participants will need to sign a contract also with the NSP they sponsor for their IP or RP if different from the one used by the TIPS participant itself.*

- *There is no obligation to sponsor a NSP. However, the Participants will be able to choose their preferred NSPs among those that will be in the list of the compliant NSPs.*

- *The nomination of a NSP will be perceived as a commitment as resources will be allocated accordingly and compliance checks need to be planned. As the TARGET2 Guidelines will only be ready in summer, it will be investigated whether a "Letter of intent" from prospect TIPS Participants indicating their preferred NSP, with a commitment to use it, might be accepted as a solution to the tight timeframe. TIPS Participants willing to sponsor one (or more) NSP has to specify which NSP will be used by them and which ones by their IP or RP. It should be avoided, as also explained during the previous meeting, that NSPs undergo the compliance check without the certainty of having customers in operations later on.*

- *The participants will not be involved in the NSP compliance check testing. The Compliance Check procedure and the Hosting Agreement will be available by the middle of January, i.e. 2.5 months before the deadline for sponsorship which is the end of March. The sponsorship is planned to start on 29 January, till the 29 March. The 4CB estimation is to be able to complete the compliance check in maximum 4 months. As a result the Compliance Check for the NSPs sponsored by the end of January might be finished by the end of May.*

- *The TIPS User testing will start at the beginning of September i.e. 3months after the estimated time to complete the compliance check*

- *The possible ways of publishing the list of compliant NSPs will be discussed with the lawyers.*

Finally, the Chairperson explained that the connectivity guide version 1.0 can be considered as final.

3. User Detailed Functional Specifications (UDFS)

The Contact Group will be debriefed on the feedback received on the second UDFS draft. The project team will present the main changes included in the third UDFS draft.

Documents:

- *Overview of Market Feedback on 2nd UDFS draft (Presentation from 4CB)*

- *Third UDFS draft (Presentation from 4CB)*

Outcome:

The 4CB project team presented the feedback received by 15 November and that led to adjustments of the UDFS.

The 4CB project team also presented the third draft of the UDFS. The Chairperson confirmed that the final complete draft (with the indication of new and changed content compared to the previous version) will be provided to participants on 22 December together with an excel sheet for structured feedback and the consolidated feedback received on the second draft. He asked for feedback by Tuesday 23 January. As agreed during the previous meeting, the consultation with the Contact Group on the final draft will be considered as the final market consultation. TIPS CG members are then allowed to consult their national community/customers for feedback on the final draft of the UDFS.

Regarding the investigation triggered by the beneficiary PSP the group agreed to the proposed recommendation to not implement any functionality now, but wait for the feedback and a potential solution from the EPC.

It was clarified by the 4CB that billing information to be provided will be disaggregated per TIPS account and originator BIC, which will allow identifying the underlying instructing TIPS participant or reachable party.

4. Dependencies between TIPS and other Eurosystem projects

The Contact Group will be debriefed on how the UDFS of the "shared services" are going to be delivered in terms of timeline. As TIPS as a project is also dependent on other services that are shared with other platforms, a presentation will illustrate how especially the functionality of the Common Reference Data Management (CRDM) and the Eurosystem Single Market Infrastructure Gateway (ESMIG) will be detailed.

Documents:

- *Shared services Scope Defining Documents (Presentation from 4CB)*

Outcome

The 4CB project team presented the Shared services Scope Defining Documents with a focus on the Common Reference Data Management (CRDM) and the Eurosystem Single Market Infrastructure Gateway (ESMIG).

Following questions from some members, the following clarifications were provided:

- *The connectivity requirements for TIPS were drafted in line with the ESMIG ones. It was explained that the focus of the UDFS of ESMIG now is on TIPS services and what will be delivered is the TIPS part of the ESMIG which consist in a first set of services that is not necessarily complete and sufficient for the whole T2-T2S Consolidation project. The remaining ESMIG services will be delivered in line with the project plan of T2-T2S Consolidation.*

- *It was confirmed by 4CB that more details (than in the TARGET2 and T2S UDFS) will be provided in the UDFS of TIPS in relation to what is archived and that the archiving will include also the authentication and security data, as foreseen in the URD.*

- *Enlarging the character set supported by TIPS to UTF-8 might have an impact on other services, as some messages are common. As far as TIPS is concerned, the new service can internally already process the larger character set but the issue needs also to be seen in the context of the Participants' applications. The Chairperson invited the members to provide their feedback and explained that the wider market should also be involved via AMI-Pay.*

- *In line with the URD, floor/ceiling notifications are sent to the account owner only (and not to instructing parties), therefore this point may only be considered by means of a Change Request, via the TIPS change management process. In any case, this new feature would not be imposed to participants, as it would be an option to be activated.*

5. User Handbook (UHB)

The Contact Group will receive an update on the feedback received on the first UHB draft. The project team will present the main changes included in the second UHB draft.

Documents:

- *Overview of Market Feedback on 1ˢᵗ UHB draft (Presentation from 4CB)*

- *Second UHB draft (Presentation from 4CB)*

Outcome:

The 4CB project team presented the feedback received by 22 November and that led to adjustments of the UHB. It was explained that the feedback received after the deadline will be worked out in the context of the third draft of the document.

The Chairperson confirmed that this second draft will be provided to the Contact Group members after the meeting as part of the background documentation together with an excel sheet for structured feedback and the consolidated feedback received on the first draft. He asked for feedback by the end of the year i.e. 31 December and explained that feedback received after this date can only be treated in the following round.

6. Adaptation of TARGET2 to TIPS

The main changes induced by TIPS on TARGET2 will be presented to show how the RTGS services smoothly interconnect with the instant payment solutions in order to provide an integrated way to manage the liquidity of banks.

Documents:

- *TARGET2 in view of TIPS (Presentation from ECB)*

Outcome

The ECB presented how the RTGS services will interconnect to TIPS in terms of liquidity, Reserve Management and Standing Facility.

Following questions from some members, the following clarifications were provided:

- *For technical reasons, only up to 10 TIPS DCAs can be monitored by a given RTGS account holder in TARGET2. This is related to the display of the TIPS DCAs on the Information Control Module (ICM) screen in TARGET2. It will have to be checked whether this technical constraint also applies for invoicing. A clarification also has to be provided whether the limit is only on DCAs that can be monitored by a given RTGS account holder or the limit is on the LM links[1].*

- *Related to the End of Day timeline, it was confirmed that all relevant activities will have to be shifted if there is a delay in closing TARGET2.*

- *Liquidity cannot be shifted between TARGET2 and TIPS during TARGET2's End-of-Day/Start-of-Day.*

- *It was acknowledged that indeed the end of day TIPS snapshot will not be taken at exactly the same time as the end-of-day balances are recorded in the RTGS. The risk of discrepancies is nevertheless avoided by preventing liquidity transfers between the two services during this time period. The Chairperson explained further that in any case due to instant payments small and constant fluctuations of account balances will be experienced.*

7. Pilot Testing

A representative of the User Testing Team of the ECB will present a preliminary high-level description of how the TIPS Pilot Testing is going to be organised in order to ensure that the institutions involved in this activity will be ready to start operations at TIPS go-live.

Documents:

- *TIPS Pilot Testing (Presentation from ECB)*

Outcome:

The ECB presented an initial description of the TIPS User Pilot testing in view of the TIPS go-live and explained that the detailed process will be further defined.

Following questions from some members, the following clarifications were provided:

- *The TIPS production environment will be designated "the pre-production test environment" during the TIPs pilot testing period (prior to go-live).*

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[1] As a follow-up to the meeting it was clarified that i) a maximum number 10 LM links can be set-up between TIPS DCAs and a specific RTGS account and hence a maximum of 10 LM links could be applied for invoicing purposes.

- *The black period will last 2 weeks in November in the pre-production environment: during this period there will be no testing of TIPS functionality. After Pilot testing is completed the 4CB will use the black period to prepare this environment for production.*

- *The pre-production environment will be able to handle production volumes during Pilot testing.*

- *It was confirmed that there will be a testing environment available immediately after the go-live.*

- *There will be 3 rounds of testing and the time allocation will be further discussed. A2A as well as U2A testing will be available and the participants could also test the connection to CRDM.*

- *The criteria for the certification will be defined and communicated.*

- *The certification process need to be further elaborated and will be presented in one of the following meetings.*

- *The Trouble Management System (TMS) will be available to the Central Banks for defects (read access). A defect list will be shared with all TIPS Pilot testing participants.*

8. Q&A of the month

The project team will provide responses to some questions of general interest received since the previous meeting.

Documents:

- *Questions and Answers*

- *TIPS Latency Measures (Presentation from 4CB)*

Outcome

The ECB made a presentation on the Questions and Answers received since the previous Contact Group meeting. As agreed this presentation will be shared within the CG in Brainloop as part of the background documentation and also be published on ECB website.

9. Any Other Business

The next Contact Group meeting is on 17 January 2018.

The Chairperson asked to move the date of the August meeting from 29 to 28 August. The Contact Group agreed.

After the Contact Group meetings, all meeting documents will be published on the ECB homepage (link: http://www.ecb.europa.eu/paym/initiatives/html/documents.en.html).