

DG-MIP/MIS

Milestone NSP2

Community Readiness Report

DRAFT

V1.0

14 January 2020

Executive Summary

Confidence level to go live in November 2021

To ensure a monitoring of the readiness of the different communities to migrate, overall Key Milestones to ensure a successful and timely big-bang migration in November 2021 were approved by the MIB. After the ones of 31 December 2018, 31 March 2019, 15 July 2019 and 30 September 2019, a new one was to be met: the completion of new connectivity design strategy and planning by 31 December 2019. During this round, 18 out of 25 (72%) Central banks reported a confidence level Green for the ability of their community to go-live. This represents 5 NCB more reporting Green for this Community Readiness Report than for the last one (October 2019), i.e. an increase of 20%.

The number of Closely Monitored Participants (CMPs) providing a feedback increased by 3, also compared with the previous Community Readiness Report: 104 out of 139 (75%) of these Closely Monitored Participants reported a confidence level Green for their ability to go-live in Nov. 21. This percentage has decreased by 1% since the last Community Readiness Report.

It is to be noted that no Central Bank reported Red for the ability of their community to go-live, no Closely Monitored Participant reported Red for their ability to go-live.

At least 12 Regularly Monitored Participant (RMP) reported Red for their ability to go-live (in the Austrian, Dutch, French, German and Luxembourg market), compared to 1 in the last Community Readiness Report.

It is generally agreed that the delivery of UDFS v2.1 on 20 December 2019 will impact positively the confidence level in the next milestones reporting .

The Central Banks' communication with the communities was so far mostly ensured with info-sessions. In this respect, the Eurosystem will publish a list of the info-sessions taking place throughout Europe.

It is to be noted that more and more bilateral meetings/calls are organised by the Central Banks to manage exceptions and answer to more detailed questions, which show an increasing involvement of the participants.

Central Banks in which 2 CMPs missed IAD1 (Impact analysis is started 31/03/2019) and/or 10 CMPs missed NSP1 (NSPs selection criteria development is completed 15/07/2019) will be asked to explain the reasons behind these delays.

In some markets the co-management seems to be a useful tool. However the co-management offer is not yet clearly defined by larger banks therefore preventing some small participants from having a clear strategy on how they will join T2.

Milestones completion

Current milestones

Milestone NSP2 New connectivity design strategy and planning is completed 31/12/2019, was met by 24 Central Banks (96%) and 83% of the CMPs.

Previous milestones

Milestone IAD3 Drafting of internal applications documentation is started 30/09/2019, was met by 23 Central Banks (92%) and 86% of the CMPs.

Milestone IAD2 Impact assessment is completed 30/09/2019, was met by 21 Central Banks (84%) and 96% of the CMPs.

Milestone NSP1 NSPs selection criteria development is completed 15/07/2019, was met by 24 Central Banks (96%) and 93% of the CMPs.

Milestone IAD1 Impact analysis is started 31/03/2019, was met by 25 Central Banks (100%) and 98% of the CMPs.

Milestone PSE Project is started 31/12/2018, was met by 25 Central Banks (100%) and 100% of the CMPs.

The missed milestones are mostly reported with a new expected completion date.

1. Community readiness

1.1 Confidence level to go live in November 2021

This table shows the confidence level (Green, Yellow or Red) that each community and its closely monitored participants will be able to go-live in November 2021

Country	Level	Comment
CY	Y	
DE	Y	Total number of customers in the monitoring process: 1204 (thereof about 890 which currently intend to participate via "co-management"); thereof 13 CMP CMP = "Green": 6 (46% of all CMP) RMP = "Green": 193 (16% of all RMP)
FI	Y	
FR	Y	Although we observe a stronger involvement of the market participants on the project, the overall "yellow" status is still considered relevant. Indeed, if participants now have a clear understanding on their target solution, they need some time to get greater ownership of the last version of the UDFS, published recently. Thus, we will monitor closely the participants between two milestones surveys to be sure that the UDFS are properly interpreted and implemented.
LV	Y	
MT	Y	
PL	Y	
AT	G	Although two regularly monitored participants (19 percent) indicated a Yellow state, our confidence level is green because they did not report significant criticalities.
BE	G	
BG	G	
DK	G	
EE	G	
ES	G	
EU	G	
GR	G	
HR	G	
IE	G	We continue to engage with and closely monitor our participants' ability to go-live in November 2021. This regular engagement occurs through a number of working groups we have established with our community of which each institution provides



Country	Level	Comment
		<p>representation:</p> <ol style="list-style-type: none"> 1. Project Managers Group (PMG) which will meet for the 5th time on January 30th 20' 2. Requirement Analysis Subgroup which is scheduled to meet for the 6th time in February 20' 3. Migration & Testing Subgroup (MTSG) which will convene for its first meeting on January 28th 20' 4. Message Mapping Subgroup (MMG) - we also facilitate a message mapping group for our market, which is participant led and is a forum for cross collaboration of institutions who meet to discuss common MX messaging themes and requirements. <p>In conjunction with the working group meetings, quarterly calls and bi-lateral participant meetings ensure we have regular communication with our participants between the mandated reporting milestone periods.</p> <p>At this point in the project, the I does not have any concerns that any Irish market (closely & regularly monitored) participants will be unable to successfully migrate in November 2021.</p>
IT	G	
LT	G	
LU	G	We did the maximum we could do to support our community until now by: (i) organising 4 full day info-sessions between September and November 2019, (ii) sending 2 very detailed questionnaires to the community to support them making their key choices, (iii) sending regularly updates on the deadlines and newly published documentation, (iv) answering participants' multiple questions, and (v) supporting bilaterally participants in the drafting of their business case.
NL	G	One Closely Monitored Participant has reported yellow and not all Regular Monitored Participants have sent their readiness report.
PT	G	Although we are confident on the readiness of Portuguese community, there are still some open issues that need to be addressed in due time: i) pricing; ii) information that is not yet reflected in the relevant UDFS (e.g., related with T2S and TIPS liquidity transfers); iii) registration forms for the new services; iv) uncertainty about some policy issues (e.g. obligation to connect to ECONSII).
RO	G	We are confident that our community will be able to go-live in November 2021 given that none of our CMPs has reported its confidence level as Yellow or Red and only two RMP have reported their confidence level as Yellow.
SI	G	
SK	G	We are confident to go-live in November 2021 even though 3 CMPs reported yellow confidence level and it represents 60 % of CMPs

G	Green: Fully confident, no risk identified
Y	Yellow: Risks identified but can be overcome
R	Red: Risks identified that can endanger the migration



1.2 Closely Monitored Participants reporting Yellow or Red, missed milestones

This table shows the number of Closely Monitored Participants in each community that have reported their confidence level as Yellow or Red and their related percentage i.e. number of those CMP out of all CMP in the community. The last column shows the number of Closely Monitored Participants in each community having missed two consecutive milestones (MM: missed milestones).

Country	Nb	%	Comment	MM
AT	2	29%	Two CMP out of seven reported their confidence level as Yellow. The CMP expects that the Milestones will be reached by 31/03/2020	1
BE	1	17%	One participant has a slight delay in planning due to other strategic exercises. We regularly contact them to see if they can maintain the current proposed timeline.	1
BG	0	0%		
CY	1	25%		1
DE	7	54%	CMP = "Yellow": 7 (54% of all CMP) CMP = "Red": 0	
DK	0	0%		
EE	0	0%		3
ES	0	0%		
EU	1	20%		
FI	2	25%		
FR	8	72%	3 out of 11 reported "green" and 8 of them reported to be "yellow" pointing out the difficulties assimilating and gaining mastery over the UDFS. They all have set the budget for 2021.	
GR	2	33%		
HR	0	0%		
IE	3	60%	3/5 (60%) of our CMP's reported a Yellow confidence level. 0 CMP's reported a red confidence level	
IT	1	5%	One CMP has declared that they missed the milestones IAD2, IAD3 and NSP2 but they are confident to complete them by the end of June 2020	1
LT	0	0%		2
LU	1	100%	Our sole CMP reported a yellow status	
LV	0	0%	None of CMP has reported its confidence level as Yellow or Red.	
MT	1	33%	This has remained stable as per last reporting. Following a major upgrade that was done during end of year 2019, the CMP that reported a yellow level of confidence is starting to catch up with the project requirements.	1



Country	Nb	%	Comment	MM
NL	1	13%	1 out of 8	
PL	0	0%		
PT	0	0%		
RO	0	0%		
SI	0	0%	All (i.e. 3) Slovenian CMPs have reported their confidence level as Green.	
SK	3	60%	N/A	2



1.3 Regularly Monitored Participants reporting Yellow or Red

This table shows the number of Regularly Monitored Participants in each community that have reported their confidence level as Yellow or Red and their related percentage i.e. number of those RMPs out of all RMPs in the community.

Country	Nb	%	Comment
AT	11	19%	Not all RMPs have answered until now. 11 RMP out of 57 reported their confidence level as Yellow or Red.
BE	6	8%	Most participants reporting yellow are in search of or in negotiations with a co-manager.
BG	3	17%	
CY	6	60%	
DE	950	80%	RMP = "Yellow": 949 (80% of all RMP) RMP = "Red": 1 RMP = "no response": 48 (4% of all RMP)
DK	1	4%	We have in total 24 regularly monitored participants. Of these 2 have not answered the questionnaire yet and 1 reported yellow.
EE	0	0%	
ES	7	12%	
EU	0	0%	
FI	2	14%	2 RMPs out of 14
FR	46	30%	86 respondents out of 149 participants expressed an opinion on their confidence level. We will get back to the others to understand the non-answer as they do not report any blocking points at this stage. 42 of them reported "green", 40 reported "yellow" and 4 reported "red".
GR	0	0%	
HR	8	40%	
IE	2	13%	2/16 (12.5%) of our RMP's reported a Yellow confidence level. 0 RMP's reported a red confidence
IT	12	7%	
LT	3	30%	
LU	45	36%	81 reported green (on track) ; 31 reported yellow (issues identified but can be mitigated); 5 reported red (major issues with no solution); and 9 did not report anything
LV	0	0%	None of the Regularly Monitored Participants has reported its confidence level as Yellow or Red.
MT			N/A
NL	8	14%	From the received reports the following statuses were reported: Green - 37 Yellow - 7 Red - 1



Country	Nb	%	Comment
			Still 13 reports are missing (mainly from HAM participants with headquarters abroad)
PL	5	33%	5 out of 16 RMPs have reported yellow level of confidence. One RMP has not provided data.
PT	3	9%	
RO	2	9%	
SI	2	13%	Only 2 out of 15 Slovenian RMPs have reported their confidence level as Yellow (other RMPs have reported their confidence level as Green).
SK	1	3%	N/A



1.4 Steps and mitigation actions

This table shows the relevant steps and mitigation actions envisaged to make this confidence level green in each community.

Country	Steps and mitigation actions
BE	Bilateral contact with institutions reporting yellow.
DE	<p>Compared to the last milestone survey in October 2019, we observe a high increase in "yellow status" of the RMPs (80% instead of 28%). One of the main reasons behind this increase is the change of confidence level of some of our larger co-managers that represent several hundreds of individual RMPs.</p> <p>Already in December 2019, we established a "co-manager forum" as a dedicated support for the co-managers from the saving banking and cooperative banking sector. We are in close contact with them to mutually discuss the areas of difficulties. First discussions showed that due to the dependencies between market players, the late delivery of reliable specifications (i.e. UDFS v2.1) has cascading effects: Major business partners are lagging behind with their detailed specifications which in turn delays the finalisation of the co-managers' own specifications in certain aspects and thus forms an issue of uncertainty. As far as difficulties result from missing information or open issues on Eurosystem level, we will encourage the discussions in the relevant Eurosystem governance bodies to speed up the process.</p> <p>In addition, the following actions are planned for the upcoming months:</p> <ul style="list-style-type: none"> - Kick-off training sessions in February 2020 - First round of detailed training sessions in April/May 2020 <p>Those 48 institutions that have not answered the questionnaire until the official reporting deadline will be contacted bilaterally to make sure that all our participants actively participate in the community readiness monitoring. This approach was also followed during the last community readiness monitoring survey and proved its worth: All institutions that had not answered the questionnaire until the deadline were successfully contacted bilaterally afterwards.</p> <p>With regard to the underlying reasons for reported difficulties, a first analysis shows that the late publication of UDFS v2.1 as well as missing detailed information on U2A functionalities (i.e. UHB) are areas of concern for the participants. In addition, several banks underlined that the dialogue with the NSPs and/or service providers has started only recently. To get a comprehensive picture of underlying reasons, we will run a detailed evaluation of the reported answers in the questionnaire.</p>
ES	Continuous and direct contact with our community through multilateral and bilateral meetings, as well as through written and phone consultations.
FI	No blocking issues reported. The high level connectivity design is completed (connection type and number of NSPs), the detailed planning is still ongoing for some participants. Participants are working with their open issues (together with their service providers). CB support is offered, if needed.
FR	We will continue to monitor closely (adding specific questions to the survey) our CMP and RMP readiness in the next weeks, having one to one in-person meeting or by TelCo.
LT	Organizing NSG meetings ahead of the milestones
LU	Close follow up of the community: info-sessions; bilateral contacts.
LV	Regularly monitor readiness status of the community, identify common problems, inform the community on the importance of the project and provide updates on its progress. Individual meetings/calls with participants are planned in January-February.
MT	We provide the necessary support and engage in related discussions when needed.
NL	In December we had an info session for our banks where also SWIFT and SIA-Colt could present their offer to the market.

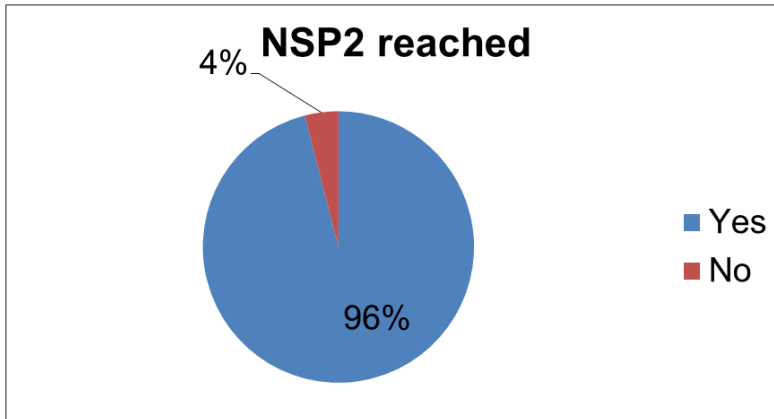


Country	Steps and mitigation actions
	Continue to have bilateral meetings with the RMPs that communicated Yellow or Red in order to better understand the reason. Also continue to ask the RMPs to send to us the missing readiness reports. If necessary we will inform Banking Supervision.
PL	Regular monitoring of the community readiness status, providing information on consolidation project, regular meetings with the community.
PT	Bilateral contacts with the participants to assess the reasons behind the yellow status and providing them the clarifications needed. In addition, in order to keep participants engaged with the project, regular updates and clarifications are provided and, in the community meetings, one of the main topics is the consolidation project.
RO	NBR is constantly monitoring the progress of the national community in its preparation for the go-live in November 2021 and provides support and clarifications where needed.
SI	We are working closely with all our participants. We provide participants the necessary information during the NSG AMI-Pay meetings and upon their individual requests.

2. Milestones for Central Banks

2.1 Milestone NSP2 New connectivity design strategy and planning is completed 31/12/2019

Participants have completed the new connectivity design strategy (e.g. on U2A/A2A) and planning (including contingency).

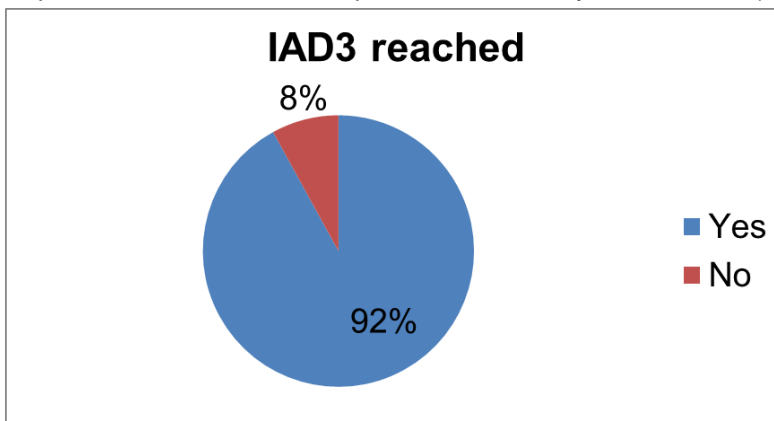


The reporting below only accounts for the Central Bank having missed the milestone NSP2

AT reports that connectivity design strategy and planning is completed, senior management decision is outstanding, the appropriate governance in the bank is aware of the missed milestone, and that the new connectivity design strategy and planning is completed on 31/03/2020.

2.2 Milestone IAD3 Drafting of internal applications documentation is started 30/09/2019

Participants have started the drafting of their internal applications documentation (e.g. business requirements and functional specifications for key functionalities).



The reporting below only accounts for the Central Banks having missed the milestone IAD3.

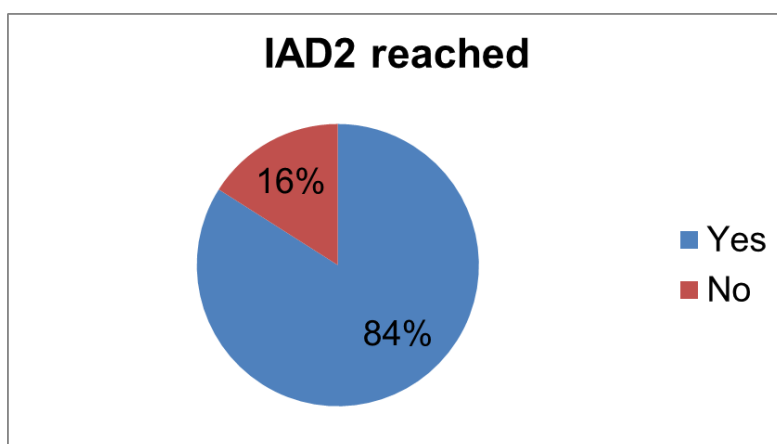
BG reports that the drafting of internal application documentation is related with the completion of the planning phase of the ongoing project concerning Treasury management system upgrade. The

process in this milestone will start upon approval of project scope statement and project definition document. The significant part of the required changes stemming from the new architecture for processing payments to/from the new platform are included in the project scope, the appropriate governance in the bank is aware of the missed milestone and the date when drafting of the internal applications documentation will start is under discussion.

MT reports that the drafting of the internal applications documentation will start on 30/07/2020 due to the fact that the new Payments Module should be in place by Quarter 3 2020. The appropriate governance in the bank is aware of the missed milestone.

2.3 Milestone IAD2 Impact assessment is completed 30/09/2019

Participants have completed the detailed business and technical impact assessment to adapt their IT systems and processes to the changing services of T2. This includes the impact assessment on how to connect their IT systems to T2.



The reporting below only accounts for the Central Banks having missed the milestone IAD2.

AT reports that after Release of UDFS Version 2.1 on December 20, 2019 we are now analysing the changes to the previous version of the document and the impact on our project. The appropriate governance in the bank is aware of the missed milestone, and that the impact assessment will be completed on 31/03/2020.

BG reports that the business impact assessment is completed. The part to be completed is the impact assessment from technical perspective and it is mostly related to the previous point. The appropriate governance in the bank is aware of the missed milestone, and that the date when the impact assessment will be completed is under discussion.

DE reports that UDFS 2.1 was only published at 20 December 2019. Topics such as ECONS II and Billing are part of this UDFS and have to be checked within the project. Completion of detailed business and technical impacts will now be possible.

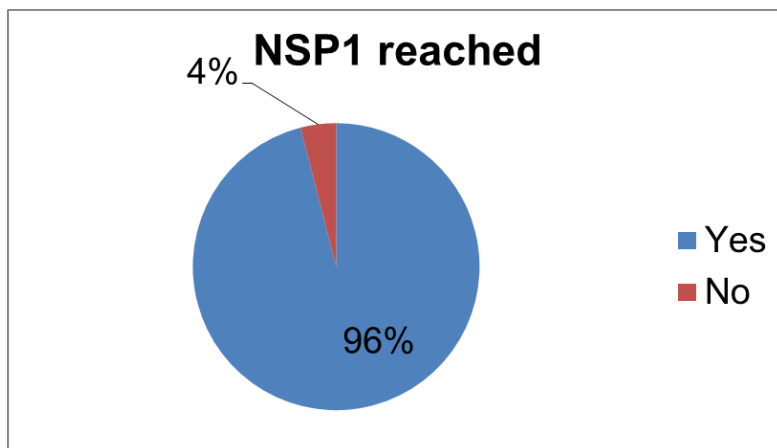
The appropriate governance in the bank is aware of the missed milestone and that the impact assessment will be completed on 31/03/2020 (same date as announced during the previous milestone survey).

MT is awaiting feedback from other impacted internal departments. Meetings are planned to be held in Quarter1 2020.

The appropriate governance in the bank is aware of the missed milestone, and that the drafting of the internal applications documentation will start on 30/05/2020.

2.4 Milestone NSP1 NSPs selection criteria development is completed 15/07/2019

Participants have developed their selection criteria for the NSPs (e.g. decision on direct or indirect connection, value added services expected from NSPs). This activity is completed once the concessions are awarded, in order to prepare the discussions with NSPs.



The reporting below only accounts for the Central Bank having missed the milestone NSP1.

CY reports that all the criteria have not been yet finalised, but the appropriate governance in the bank is aware of the missed milestone, and that the selection criteria of the NSP(s) will be defined by the 28/02/2020.

2.5 Milestone IAD1 Impact analysis is started 31/03/2019

This milestone has been reached by all Central Banks.

2.6 Milestone PSE Project is started 31/12/2018

This milestone has been reached by all Central Banks