



EUROPEAN CENTRAL BANK

EUROSYSTEM

Flash survey on operation of post-trade services during the COVID-19 pandemic

AMI-SeCo
teleconference

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Q1- Are you still able to provide your securities post-trade services to your customers at a full scale? I.

In general:

- All respondents confirmed that they have been successful and able to provide 100 % of their services to their customers in all three segments (settlement / clearing; asset servicing and collateral management)
- This is despite very heavy volumes of transactions processed in recent days
- Business continuity has been ensured via teleworking by vast majority of staff, split teams and different branches helping out each other
- IT systems have proved to be very resilient across the board

Q1- Are you still able to provide your securities post-trade services to your customers at a full scale? II.

Settlement:

- it is sometimes difficult to reach counterparties to remedy fails / exception handling due to prevalent teleworking
- fail ratio remains the same (2-3 %) but with higher volumes this means higher failed values in absolute terms

Asset servicing:

- Seems to be the most challenging segment
- CA / AGM season is about to start but a lot of issuers are postponing / cancelling events (AGMs, dividend payments) – higher level of uncertainty
- Asset servicing still requires a lot of physical interaction, wet ink signatures – more difficult to support by teleworking staff
- Actual downscaling of services related to physical securities by CSDs / service providers detected

Q1- Are you still able to provide your securities post-trade services to your customers at a full scale? III.

Collateral management:

- Very high volumes (also due to extreme derivatives turnover)
- High number of margin / collateral calls – higher fail ratios of meeting such calls

Q2- Have you experienced any disturbances / breakdowns at external service providers / infrastructures I.

In general:

- The majority of respondents have not experienced significant disturbances / breakdowns
- A significant minority reported issues especially in the settlement domain – these do not seem to be perceived as critical by most such respondents
- Difficulties / delays in reaching counterparties / clients
- A significant number of clients changing communication channels (due to lack of ability to use SWIFT via teleworking)

Q2- Have you experienced any disturbances / breakdowns at external service providers / infrastructures II.

Settlement / clearing:

- T2S issues mentioned by some respondents
- ICSD bridge delays mentioned by some respondents
- Some delays in bilateral trade confirmation for derivatives
- Delays in reporting (sometimes even of critical reports)
- Physical delivery of securities difficult

Asset servicing / collateral management:

- Late / delayed reporting due to high volumes and market fluctuations

Q3 - How does your organisation ensure operational continuity in light of the increased cyber risks?

- Very extensive teleworking (almost 100 %) by staff at all respondents
- Access mostly via VPNs and two factor authentication
- No or limited access given to private devices
- Relying on built-in redundancies or further expanding bandwidth
- Stepped up network traffic and threat monitoring by assigned cyber risk teams
- Increased cyber-risk related education to staff – especially on phishing
- Deployment of split teams / contingency sites

Q4 - Suggestions / requests related to the COVID-19 pandemic to be discussed at the AMI-SeCo level

- Regulatory projects (SRD-2, SFTR, CSDR) and related deadlines in light of potentially more limited resources for projects
- Highlight to relevant authorities the challenges in paper processing and wet ink signatures requirements (e.g. tax reclaims)
- Postpone AMI-SeCo / NSGs CMH standards (SCORE) monitoring reporting deadline
- Timeline of Eurosystem projects (T2 consolidation, ECMS)
- T2S testing and release schedules