

27 March 2024

OUTCOME OF THE 5TH T2 CONTACT GROUP (T2-CG)

15 February 2024, 10:00 – 16:00 CET

Hybrid (Frankfurt, ECB Main Building and Microsoft Teams)

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1 Introductory remarks, approval of the agenda and action points

The Chairs will welcome the participants to the meeting and invite T2-CG members to approve the draft agenda and action points list.

T2-CG members are invited to approve the agenda and action points list.

Background documentation (for information or approval without discussion):

- A. [T2-CG Action Points](#) (remained open after 13 December 2023 T2-CG meeting)

Outcome:

- **AP-001** - The ECB will prepare a document on the scenarios and decision criteria for activation of the Crisis Communication Group (CCG), which will be circulated to the T2-CG before its February 2024 meeting where it will be further discussed.
Status: AP can be closed after the meeting following the ECB presentation on the topic under agenda item 4.3
- **AP-002** - The ECB will launch a T2-CG consultation in January 2024 in order to collect the market view on reference data to be potentially considered for intraday propagation.
Status: AP closed, relevant T2-CG consultation was launched on 18 January 2024.
- **AP-003** - The ECB will collect further information to support the T2-CG in formulating a final stance with regards to this potential change request.
Status: AP can be closed after the information provided by ECB under agenda item 6.3
- **AP-004** - The ECB will provide a status update on the Capacity/Demand Management for 2024-2026.
Status: AP remains open. Next update to be provided by ECB in the middle of April 2024.

2 T2-CG general topics

2.1 Outcome of the last meetings

The members of the T2-CG will be invited to approve the outcome of the last T2-CG meeting.

Background documentation (for information or approval without discussion):

- B. [ECB] [Outcome of the 4th T2-CG meeting](#) [sent on 01/02/2024]

Outcome:

- Final outcome of the previous meeting was circulated on 1 February 2024 incorporating T2-CG feedback.

3 Common topics (Operations & Evolution)

4 T2 Operations

4.1 Regular reporting on operational matters

The T2-CG will be debriefed on the incidents that took place since the latest T2-CG meeting.

Discussion documentation:

- A. [ECB] [Reporting on T2 incidents](#) [sent on 13/02/2024]

Outcome:

The T2-CG members were informed of the incidents that took place on 27 November 2023 (RCOS/CCOS events stuck), 15 January 2024 (CCML/RCOS/CCOS events stuck) and 12 February 2024 (Issue with the NRO signing).

Based on the feedback received from the T2-CG members during the previous meeting regarding the need for a prompt communication on incidents, the ECB now presented the changes recently introduced. In order to ensure the quick communication of an incident, especially if close to the end of the business day, the Eurosystem CBs will in principle discuss potential T2 delay at the latest by 17:30.

The new incident management approach was already applied for the incident taking place on 12 February 2024 which led to the timely communication of an issue and the delay in the closing of T2. This change was welcomed and supported by the Group.

4.2 Operating schedule of T2 in release weekends

T2-CG members will be invited to discuss the operating schedule to be followed during T2 release weekends.

Discussion documentation:

- A. [\[ECB\] Operating schedule of T2 in release weekends](#) [sent on 09/02/2024]

Outcome:

- The T2-CG members were reminded of the changes to the T2 operating schedule during the T2 release deployments in 2023 where the Monday operating day started at its usual time (CLM RTS at 19:00 and RTGS RTS I at 19:30), however the start of the maintenance window was brought forward to Friday 22:00 (from Saturday 02:30). The opening of the RTS II remained the same, i.e. Monday at 02:30. This allowed that the T2 release is deployed in between the RTS I and RTS II periods, i.e. between Friday 22:00 and Monday 02:30.
- This approach however cannot be applied for the T2 June and November (2024 and 2025) release deployments. This is due to the fact that changes to the message standards or to the database can only be deployed at the end of a business day. Therefore, the T2 release needs to be deployed already before the start of the Monday business day. This prevents the start of RTGS RTS I taking place as usual on Friday at 19:30. Instead, the T2 release schedule would need to follow the T2S release schedule (option 2) where the Start of Day events are postponed after the deployment of the release, i.e. to Saturday morning. Consequently, the CLM RTS and RTGS RTS I would not take place as usual on Friday from 19:00 and 19:30 respectively but would instead open only on Saturday morning. The RTS periods would be followed by a maintenance window before the RTS II is opened at its regular time on 02:30 Monday. The exact duration of the RTS I and the maintenance window still need to be defined.
- Some T2-CG members informed about the difficulties they see in case the settlement would not be possible on Friday evening in RTS I. Central Banks would support the affected participants in limiting these difficulties as much as possible. However, the members recognised that the deployment of T2 releases which contain the message standard upgrades need to be aligned with the approach taken by T2S.
- Furthermore, the T2-CG agreed that a harmonised T2 deployment schedule is preferable for all the future releases, i.e. also those not involving the message standard upgrades, which would ensure predictability.
- As a next step, the National Central Banks will bilaterally discuss with their participants, in particular with those using the RTS I window on Friday evening. The aim is twofold: a) to invite the participants

to raise further issues that should be considered and b) to support them in identifying remedying alternatives.

- The T2-CG concluded that a communication should be prepared and shared with the market, informing about the changes to the future T2 deployment weekend schedule which will be harmonised with the approach taken by T2S. The changes will also be documented in the Information Guide for TARGET participants.

4.3 Scenarios for the activation of the Crisis Communication Group

T2-CG members will be invited to agree on the scenarios and decision criteria that would lead to the activation of the TARGET Crisis Communication Group (TC2).

Discussion documentation:

- A. *[ECB] [Scenarios and decision criteria for activating the TC2](#) [sent on 09/02/2024]*

Outcome:

T2-CG members were presented with the background for setting-up the TARGET Crisis Communication Group (TC2), as well as the scenarios and the decision criteria that would trigger the call. With a slight adaption of the wording on slide 3 the T2-CG agreed to present the scenarios and decision criteria to the AMI-Pay in its next meeting.

5 T2 Analytics

5.1 T2 traffic developments

T2-CG will be presented with the T2 traffic indicators for year 2023 (since the T2 go-live until the end of the year 2023). The presentation will be complemented by an analysis of the intraday pattern of T2 payments.

Discussion documentation:

- A. *[ECB] [T2 traffic developments](#) [sent on 09/02/2024]*

Outcome:

The T2-CG members were presented with an overview of T2 traffic developments in 2023 (covering both TARGET2 and T2), recent statistics of unsettled transactions in T2 and an analysis of the patterns of intraday settlement in T2 compared to TARGET2. The results indicate that, as a result of the extension of the opening hours of the RTGS RTS II phase, the concentration of payments that were settled during the first opening hour in TARGET2 (between 7am-8am) is now lower and thus payments settlement is more evenly distributed throughout the morning.

6 T2 Evolution - Change and Release Management

6.1 T2 Releases

The participants will be updated on the T2 R2024.JUN and T2 R2024.NOV releases.

Outcome:

- The ECB reminded on the exact location at the ECB website where the latest milestones and release scope of the T2 R2024.JUN and T2 R2024.NOV can be found.
- Regarding the milestones, the ECB clarified that the milestones related to the publication of the non-binding and binding XSDs are only relevant for the T2-WG community. Their publication for the market currently takes place on the same date as of the Draft Scope Defining Documents publication milestone.
- In this context, market participants expressed their request to have the binding and non-binding XSDs published for the market earlier, i.e. on the same date as for the T2-WG community. This would facilitate longer testing time as they would have 2 additional months of testing.
- The ECB will check with 4CB if the binding and non-binding XSDs can be published as draft for the market on the same day as for the T2-WG community.

6.2 Ongoing Change Requests

The T2-CG will be provided with a status update on selected ongoing Change Requests:

- **T2-0125-UDFS “HVPS Plus maintenance on T2 RTGS messages” and T2-0132-SYS “Alignment of T2 Messages with ISO Maintenance Release 2020 – 2024”**
 - The CR T2-0125-UDFS was approved by the T2-WG for implementation with T2 R2024.NOV. The CR as well as the accompanying annex are published on the ECB website.
 - The CR T2-0132-SYS is pending T2 Governance Groups (T2-WG and MIB) approvals. It is candidate for implementation with the T2 R2025.JUN.
- **T2-0129-URD “CRDM admin users access rights scope limitation”**

The T2-CG will be presented with an overview of the changes which are introduced by the change request.

Discussion documentation:

- A. [\[ECB\] T2-0129-URD - CRDM admin users access rights scope limitation - Detailed Assessment \[sent on 08/02/2024\]](#)

Outcome

- Regarding the CR T2-0125-UDFS, the ECB confirmed that the CR was approved by the T2-WG for implementation with T2 R2024.NOV release. The ECB reminded of the certain testing effort on participants' side which should be taken into account in their planning for November 2024 as there are changes to core payment messages.
- The CR T2-0132-SYS detailed assessment is under T2-WG review and is currently candidate for implementation with T2 R2025.JUN. However, participants were provided with an update on the ISO 20022 message unfreeze strategy. Due to the late expected software delivery on ECMS side, the unfreeze in June 2025 is not possible anymore. A proposal was made to have it in June 2026, which would give all TARGET services sufficient time to test all the related changes. The new date for the unfreeze should be confirmed shortly.
- Finally on CR T2-0129-URD, the ECB confirmed that the CR is currently targeted for delivery with T2 R2025.JUN according to the deployment path provided with the detailed assessment. In addition,

the ECB presented an explanation of the impact of the CR: DN visibility, query, deletion and user link depending on the requestor scope.

6.3 Potential Change Requests

The T2-CG will be provided with a status update and invited to discuss on potential future Change Requests:

- **Collection of reference data subject to intraday propagation**
 - The T2-CG feedback submitted in the context of [T2-CG-WP-2024-001](#) the reference data that could potentially be subject to intraday propagation. An overview of the feedback received will be presented during the meeting. This feedback will be assessed with 4CB and T2-WG before concluding on the final scope of the change request.
- **Participants intended usage of A2A in secondary NSP - after the dual connection requirement is implemented**
 - As a follow-up from the last T2-CG meeting, the T2-CG members will be invited to re-discuss - based on the latest information that will be provided by the ECB - on the possible benefits to be expected if T2 critical participants would all procure a dual A2A connection to ESMIG.
- **Different IBAN Validation in T2 and CBPR+**
 - The Commerzbank will present the impact on their operations stemming from the current differences in the IBAN validations between T2 and CBPR+. For example, the forwarding of some payments received in T2 to CBPR+ result in error messages due to the different IBAN validation in T2 and CBPR+.
 - The T2-CG members will be invited to share their views and potential interest for such a Change Request.
- **Proposal for introducing a whitelist for liquidity transfers across (settlement) services**
 - The Deutsche Bundesbank will present - on behalf of the DE AMI-Pay NSG - the following topic: *proposal for introducing a whitelist for liquidity transfers across (settlement) services* that could be considered for a future Change Request.
 - The T2-CG members will be invited to share their views and potential interest for such a Change Request.

Discussion documentation:

- A. [ECB] [Overview of T2-CG feedback on reference data subject to intraday propagation](#) [sent on 09/02/2024]
- B. [Commerzbank] [Different IBAN Validation in T2 and CBPR+](#) [sent on 12/02/2024]
- C. [DECB] [Proposal for introducing a whitelist for LTs across \(settlement\) services](#) [sent on 09/02/2024]

Outcome:

Collection of reference data subject to intraday propagation

- The ECB presented an overview of the feedback submitted by the T2-CG during the consultation on the collections of reference data to be potentially considered for intraday propagation.

- As a next step, a T2-WG corresponding consultation will be launched, accompanied with the T2-CG feedback provided as background information. Afterwards, the collected feedback from both T2-WG and T2-CG will be analysed with 4CB and T2-WG before reaching a final decision targeting the end of April 2024. This analysis will consider the relevance, benefit, risk and cost of potential changes. This means that not all input received would be considered for the scope of a potential Change Request.
- The initial target for the implementation of the change request is 2025, but it will depend on the final scope and on the complexity of the implementation.

Participants intended usage of A2A in secondary NSP - after the dual connection requirement is implemented

- As a follow-up to the discussion on a potential change request to allow the intraday change of NSP in case of contingency in U2A but also in A2A, the ECB provided additional information to support the T2-CG in formulating a stance with regards to this topic.
- The ECB attempted to roughly quantify how many payments a critical participant receives from other critical participants on a normal day. The rough estimate is that on average more than half of the liquidity received by critical participants actually comes from other critical participants. This tends to confirm that, in the event where all critical participants would decide to opt for a dual connection in A2A, they could manage their liquidity in relatively acceptable conditions, even in the event of a prolonged outage of their primary NSP.
- One Central Bank informed that from the perspective of their community, one critical participant already opted for a contingency secondary connection in A2A mode for risk management considerations, and was in the process of implementing it, and highlighted that in the CB point of view the CR needed to support the use of secondary NSP in A2A mode for contingency should be implemented in due time (i.e. before March 2026).
- One member questioned whether the secondary NSP would stand ready to suddenly (contingency scenario) receive a big amount of traffic while in non-contingency situations it receives no traffic. The ECB informed that this should be covered in the concession contract but it will be double checked.
- In order to collect the view of the other communities as well, the ECB will circulate an information item reminding Central Banks to check with their NSGs on potential interest for such a CR (i.e. the CR needed to support the use of a secondary NSP in A2A mode for contingency) and then re-discuss the matter during the June 2024 T2-CG meeting.

Different IBAN Validation in T2 and CBPR+

- The Commerzbank presented the impact on their operations stemming from the current differences in the IBAN validations between T2 and CBPR+. For example, the forwarding of some payments received in T2 to CBPR+ result in error messages due to the different IBAN validation between T2 and CBPR+. The proposal from Commerzbank was to harmonise the IBAN validation between T2 and CBPR+ in order to prevent the manual efforts needed for investigating and returning these payments to the initiators.
- The ECB asked for an indication on the number of rejections resulting from the T2 and CBPR+ differences on IBAN validations. This information was not available during the meeting but can be provided in the future.
- In addition, the Commerzbank clarified that it is not always the same participants sending the wrong IBANs but the issue is widespread. More details on which participants are sending the wrong IBANs could be provided by SWIFT.
- The T2-CG participants supported the request to align the IBAN validations.

Proposal for introducing a whitelist for liquidity transfers across (settlement) services

- The Deutsche Bundesbank presented - on behalf of the DE AMI-Pay NSG - the following topic: proposal for introducing a whitelist for liquidity transfers across (settlement) services.
- The operational risk to be mitigated with the proposed change request was acknowledged by the T2-CG participants, although it was agreed that, especially for participants acting in A2A mode, other mitigation measures are possible without the need of implementing this whitelist. Some potential changes to the requirements were also discussed, like implementing a strict whitelist concept to avoid confusion or considering the whitelist updates for CRDM intraday propagation. In addition, the preference to implement a functionality aligned as much as possible with the already existing intra-service liquidity transfer restrictions was flagged.
- It was agreed to have a bilateral ECB-Bundesbank call to discuss on what is currently available in T2 regarding intra-service liquidity transfers group and analyse to which extent a widening of the existing functionality might be appropriate to address the requirements behind the whitelist solution proposal.

6.4 DWH

The T2-CG will be updated on the latest status regarding the DWH predefined reports which are not yet accepted for PROD deployment.

Outcome

- The ECB reminded that the DWH scope was not fully delivered at the T2-T2S Consolidation go-live in March 2023. In order to validate the DWH reports delivered, the T2-WG has conducted an acceptance criteria exercise after the R2023.NOV. This resulted in the acceptance of 28 DWH reports.
- The remaining 17 reports are still to be formally accepted. Out of them, 3 reports are relevant for the T2 participants:
 - i) PAR02 -> List of active Direct and Indirect Participants according to RTGS directory
 - ii) STF01 -> Standing facility information
 - iii) TRN02 -> Monthly overview of domestic and cross-border payments.
- The ECB clarified that these 3 reports are activated in PROD but not accepted. This means that they are usable but the results they provide might not be fully accurate.
- The issues impacting those reports are being followed-up so that they are fixed as soon as possible.

6.5 Capacity/Demand Management

The participants will be provided with an oral update on the CR Implementation Capacity and Demand.

Outcome

The ECB informed that the status on the Capacity/Demand Management for the years 2024-2026 remains as communicated in the last T2-CG meeting in December 2023: Implementation Capacity for 2024-2026 was delivered in November 2023 by the 4CB and the indication is that it will match the T2 Demands for 2024-2026. Further updates will be provided by the middle of April 2024.

7 Any Other Business

7.1 HVPS+ status update

The participants will be provided with an update on the latest HVPS+ discussions. During the HVPS+ meeting in end of December 2023, the HVPS+ confirmed the election of its Co-Chairs. Furthermore, the HVPS+ members agreed and adopted revised Terms of Reference, new Change Management Procedures and the Payments Interoperability Charter.

Discussion documentation:

- A. *[ECB] [HVPSplus Status Update](#) [sent on 09/02/2024]*

Outcome

- The ECB presented the latest status on the HVPS+ discussions. Further details can be found in the dedicated slides.

7.2 T2-CG end of the year 2023 survey outcome and way forward

The participants will be presented with the results of the T2-CG end of the year 2023 survey and the way forward for addressing the feedback received.

Discussion documentation:

- A. *[ECB] [T2-CG end of the year survey outcome](#) [sent on 09/02/2024]*

Outcome

- The ECB presented an overview of the feedback received by the T2-CG in the end of the year 2023 survey and provided information on the actions that will be taken from ECB side to address it.