



EUROPEAN CENTRAL BANK

EUROSYSTEM

TARGET2 Incident on 13th of November 2020



AMIPay/SeCo
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Key steps

13/11	20:00	Start of T2S night-time settlement (NTS)
	20:40	ECB T2S Coordination desk informed that liquidity transfers from TARGET2 were not processed
	21:00	T2S Settlement Managers informed about the problem and that settlement was stopped after the first NTS cycle (i.e. pit-stop after C1S4)
	22:15	Root cause identified by 4CB. Further investigations needed to find a solution before resuming T2S NTS
	23:15	T2S Crisis Managers informed that no solution was found to bring euro liquidity to T2S DCAs and decided to resume T2S NTS without cash. Communication released to the market.
	23:24	Correct schema file redeployed in TARGET2
14/11	00:24	End of T2S NTS
	08:00-11:00	All liquidity (manually) returned to participants' PM accounts
	14:00	T2S Crisis Managers were informed on the outcome of the NTS in T2S
	15:00	TARGET2 Crisis Managers agreed on a communication to participants
15/11	18:00	Re-opening of TARGET2 (NTS-2 phase) and T2S (RTS phase)
16/11	07:00	TARGET2 reopening for daylight phase
	18:00	Timely closing of TARGET2 and T2S

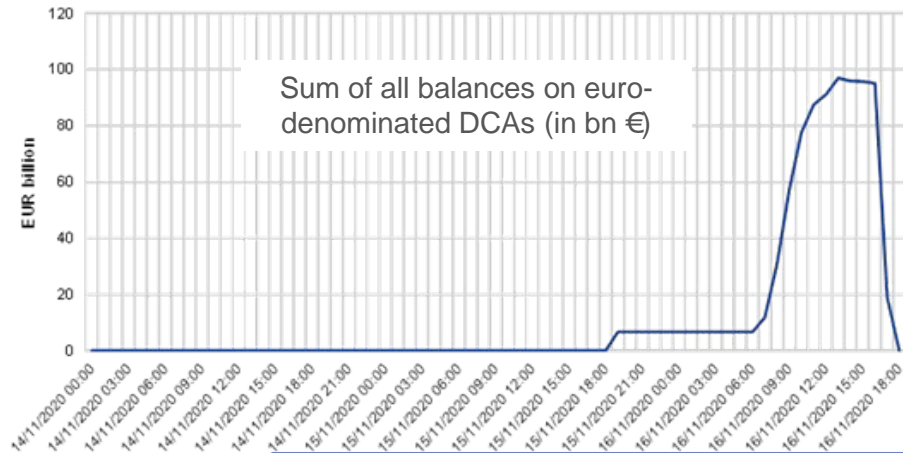
Root cause of the incident

The initial investigations revealed that the issue causing the rejection of the incoming Liquidity Transfers and preventing their settlement in T2S was originated by an operational error due to a miscommunication between two support entities in the timing of the execution of one of the preparatory activities for Release 14.0 - the activity foresees the coexistence of the new and current schema version the week before the deployment, but the check on which schema version to be used was wrongly set thus causing the usage of the outdated schema version.

The reason why the issue was not detected immediately was due to an incorrect setting of the threshold on the alarm that monitors the rejections.

Impact on the business

- Overall, the incident only had a marginal impact on the number of unsettled transactions during T2S NTS. Only a small number of CSDs encountered a higher rate.
- On Monday 16 in the morning, participants reacted to the communication and adjusted the liquidity on their T2S DCAs.
- All T2S cut-offs were executed on time on Monday with settlement efficiency in line with that of previous days.



Next steps

On the side of the providing Central Banks, an initial analysis has shown that the following activities have to be performed in order to address the identified shortcomings.

PROPOSED ENHANCEMENTS:

- Change and release management
- External review to take into account this new incident
- Review the existing alarm for monitoring the rejections

Questions?