

## OUTCOME

### 4<sup>th</sup> joint meeting of the Advisory Groups on Market Infrastructures for Payments and for Securities and Collateral

4 December 2019, 14.00 – 16.00

European Central Bank, Sonnemannstrasse 20, 60314 Frankfurt am Main

#### 1. Welcome and adoption of the agenda

**Outcome:**

The Chair welcomed the members. Participants agreed on the agenda.

#### 2. T2-T2S consolidation

##### 2.1. Update on the T2-T2S consolidation project

*Document:*

*Presentation – status update on the T2-T2S consolidation project*

*Presentation – status of community readiness*

**Outcome:**

The ECB provided an update on the T2-T2S consolidation project, including community readiness. The main focus of the T2-T2S Consolidation project has been the delivery of the next version of the User-defined Functional Specifications (UDFS v2.1), which is planned to be published on 23 December 2019. This version will reflect the pending change requests, and will be enhanced by editorial updates. As of this version, each component will have its own dedicated UDFS book (in total 7 books). Workshops on the Graphical User Interface (GUI) have continued in autumn 2019, while the work on the User Handbook is planned to start at the beginning of January 2020. The planning of change requests in T2S related to the T2-T2S Consolidation project has been updated.

The two Network Service Providers (NSPs) selected to offer connectivity to TARGET services have published their maximum prices, above which they are not allowed to negotiate with the prospective participants.

On community readiness the ECB relies on reports from NCBs related to the key milestones defined to ensure a successful big-bang migration in November 2021. The recent reporting related to key milestones on the NSP procurement process and on internal adaptations.

AMI-SeCo and AMI-Pay members took note of the update.

## **2.2. Business day schedule**

Document:

*Presentation – T2-T2S consolidation – business day*

### **Outcome:**

The ECB presented the outcome of the discussions conducted in parallel in T2S governance and the TARGET Consolidation (T2-T2S consolidation project) governance on aligning the timing of the maintenance windows in T2S and T2 as of the go-live of the consolidated TARGET services. Based on the discussion it was agreed that

- The weekday Maintenance Window will be activated on an ad-hoc basis, i.e. not activated by default. When activated, the weekday Maintenance Window shall be scheduled from 03:00 to 05:00 for all services.

- The week-end Maintenance Window shall be scheduled from Saturday 02:30 to Monday 02:30

In relation to the question on coordination of night time settlement in the context of ad-hoc weekday maintenance windows the ECB clarified that only payments that are not time critical are expected to be settled during the night. Transactions that are of systemic relevance or that may require a specific support from central banks, such as the settlement of critical ancillary systems for instance, shall be processed during the day trade phase.

Furthermore, it was clarified that from a technical perspective, T2 can be opened for settlement during the weekend. However, the current scheduling agreed for the go-live of the T2-T2S Consolidation project does not foresee any settlement windows during the weekend. Should there be a strong demand from the market, adding a settlement window during the weekend could be re-discussed, balancing the benefits and costs of such a change.

AMI-SeCo and AMI-Pay members took note of the update.

## **2.3. Governance process for changes to the common modules**

Document:

**Outcome:**

The ECB provided an overview of the governance changes to the common modules of the consolidated TARGET services.

In view of the ongoing T2-T2S Consolidation project, change and release management procedures need to be updated - at this stage in particular related to T2S - in order to cover the interaction between TARGET Services when changing the newly implemented Common Components. Procedures were reviewed in the course of 2019 and amendments are proposed introducing a set of principles that should be considered by all TARGET Services to ensure sufficient coordination among the services' governance bodies for changes to common modules.

It was clarified that when assessing ex post the benefits and usefulness of changes made to the systems via change requests the T2S governance relies on ad-hoc assessments while for T2 a post-mortem report is prepared after each release.

AMI-SeCo and AMI-Pay members took note of the information.

### **3. Fintech Task Force**

#### **3.1. Fintech Task Force reporting**

*Document:*

*Presentation – work by the Fintech TF*

**Outcome:**

In their July 2019 meeting, AMI-SeCo participants endorsed the new mandate of the Fintech Task Force (Fintech-TF), including new composition. With regard to the Task Force deliverables, the AMIs were updated about (A) the regular “mapping exercise” of Fintech initiatives in the area of securities and post-trade, and (B) the progress towards a report on “Issuance and post-trade of securities in a Distributed Ledger (DLT) environment”, which is a follow-up to the AMI-SeCo report on “The potential impact of DLTs on securities post-trading harmonization and on the wider EU financial market integration”, published in September 2017. The report will look into securities tokenization from the practical side and cover a number of existing DLT-based examples of securities issuance and post trade.

**Follow-up:**

It is anticipated that the report on tokenisation will be ready by end Q1 2020 when it will be shared with AMI members

### 3.2. Possible extension of the scope of the Fintech Task Force work to payments

#### Document:

*Options to review the Fintech Task Force governance*

#### **Outcome:**

Following the discussion in the July 2019 AMI-SeCo meeting, the AMIs Secretariat has investigated possible options as well as the pros and cons of extending the scope of the Fintech Task Force work to also cover payments. The Rapporteur of the FintechTF presented the outcome of the analysis which concluded that the best way forward is to create a joint Fintech-TF directly under AMI-Pay and AMI-SeCo to cover developments in the field of securities, payments and collateral management.

The members of the AMIs agreed to turn the current Fintech-TF into a joint AMI-SeCo – AMI-Pay Fintech-TF and approved the Terms of Reference. The new joint Fintech-TF will support the AMIs in assessing innovation-related developments and forming opinions on the potential impact. Reporting back will be flexible and not strictly linked to the joint AMIs meeting.

It was clarified that work will commence on developments of joint interest related to fully covering the securities' lifecycle and analysing the implications for DvP settlement in the context of the envisaged report (see deliverable B under item 3.1.). It was noted that covering the "cash-leg on DLT" bridges the securities and payments ecosystems and, in the future, will lead to concrete deliverables focusing on implications to the payments infrastructure.

With regard to the composition, it was noted that nine AMI-Pay member institutions are already represented in the TF and, based on the agenda of the meetings, could alternate experts (or choose a different expert). Considering the size of the current Fintech-TF, up to five new institutions would ensure a diversified representation of payment service and infrastructure providers.

#### **Follow-up:**

The AMI-Pay members represented in the Fintech-TF through their institutions are welcome to substitute or alternate experts, depending on their priorities, agenda of the meeting and the work programme.

The AMI-Pay members will be invited via a written procedure to nominate new members to the joint Fintech-TF with the view to ensure a diversified representation of payment service and infrastructure providers' practical expertise related to innovation related developments.

The call for nominations will be circulated in January 2020, with a view to new members possibly joining the next meeting of the Fintech-TF held in February 2020.

#### 4. Any other business

**Outcome:**

The chair announced the next Focus Session on T2-T2S consolidation held on 23 January 2020 for which the programme and call for participation for service providers were published on the [ECB website](#).