

24 April 2018

OUTCOME OF THE 2ND MEETING OF TARGET CONSOLIDATION CONTACT GROUP (TCCG)

14 March 2018 – 09:30 to 17:00

*held at the premises of the European Central Bank, Sonnemannstraße 20,
meeting room MB C2.04, on 2nd floor*

1. Introductory Remarks

The Chairperson of the Contact Group will welcome the participants and open the meeting introducing the Agenda. The Outcome of the previous meeting will be approved, following the feedback received.

Outcome:

The Chair welcomed the participants and briefly introduced the agenda of the meeting, which was approved by the participants. Following the feedback received, the outcome of the previous meeting was also approved and will be published.

2. Overview of Realisation Phase deliverables

The ECB Project Team will provide an overview of the deliverables of the Realisation Phase. The Contact Group members will be introduced to the interplay between various documents from the user's perspective.

Documents:

- *Overview of Realisation Phase deliverables (Presentation from ECB)*

Outcome:

The ECB Project Team presented an overview of the deliverables during the Realisation Phase and provided the following clarifications:

- The Business Description Document will be a high level document building on the High Level Business Changes (“cornerstone”) paper. The document will be reviewed by the TCCG during several iterations. Its purpose is to support banks in understanding the upcoming changes and prepare their internal projects. A stable draft of BDD is planned to be completed by end of summer 2018.
- The parts of Common Components relevant to RTGS and CLM services will be included in the UDFS books dedicated to those two services. The intention is to apply a similar approach to UDFS books for other services, such as TIPS.
- The legal documentation will be included in the high level project timeline even though this group is not dealing with it.
- The User Testing refers only to the realisation phase and not to the testing activities related to new releases in the operational phase.
- The connectivity guide will be targeted for end of 2019, i.e. sufficiently before user testing starts.
- The Big Bang Strategy refers to risk mitigation measures to avoid that a bank fails to be ready for the migration to the new platform in November 2021, or reduce the impact or likelihood of such failure. The focus is, therefore, completely on the root causes for being not ready on the participants’ side.

3. Business Description Document

The ECB Project Team will introduce the purpose and the structure of the Business Description Document. This document will provide the final users with the business view of the new Eurosystem Market Infrastructure service with the aim of helping them in preparing for the migration in November 2021.

Documents:

- *Business Description Document (Presentation from ECB)*

Outcome:

The ECB Project Team presented the purpose and the structure of the Business Description Document (BDD), encouraged the participants to provide feedback and provided the following clarifications:

- The BDD is not to be compared to the T2S Business Process Description, which describes and illustrates the business processes involving all actors and their interaction with T2S. The BDD describes what the project is about and what are the impacts to banks from treasury, transaction processing and connectivity perspective. The BDD shall be read as an introduction to the functional, technical and operational documents and it shall include references to documents providing further detailed information. The document is prepared by the ECB in collaboration with the 4CB and the TCCG members; however this document will not be submitted for a market consultation.
- The BDD is maintained as such only during the project phase. Depending on the chosen approach, it can thereafter form the basis for an InfoGuide type of operational document or an annex to the latter.
- The goal is to have the first stable draft of the BDD ready by the end of summer 2018. At each TCCG meeting the group will receive the parts that are ready for their review and comments.
- The participants provided the following comments and suggestions:
 - The initial version of the document may include chapters that are not relevant in the long term, but are crucial now when the banks are starting their internal projects (e.g. chapter on TARGET2/SSP functions that are not provided in the new service).
 - It was agreed to add a chapter covering the perspective of Ancillary Systems.
 - The document shall introduce the concept and approach for the access rights.
 - The topics on Billing, liquidity saving mechanisms, daily schedule and calendar shall be described in the transaction processing chapter.
 - The principles for drawing liquidity shall be described in the treasury perspective chapter.
- The detailed connectivity aspects will be explained in the Connectivity dossier.

Upon a request of a participant, the ECB will provide a mapping of the current TARGET2 documentation with the documentation that is foreseen for the future service.

4. User Detailed Functional Specifications

The 4CB will provide a presentation regarding the future structure of the UDFS and the delivery dates of the different versions.

Documents:

- *UDFS scope and structure (Presentation from 4CB)*

Outcome:

The 4CB Project Team presented the Scope Defining Documents for the future TARGET Services, the structure of the UDFS as well as the delivery dates of the different versions. They provided the following clarifications:

- For the TIPS go-live there will be a CRDM document limited to TIPS functionalities and an ESMIG document limited to TIPS connectivity aspects. After the TIPS go-live and the availability of RTGS and CLM UDFS, TIPS documentation will be aligned to the general approach.
- There will be no UDFS for the Common Components. The Common Components will be included in each UDFS to the extent that is relevant for the respective service. Although the basic information on each Common Component might have to be repeatedly described in all UDFSs, the chapters shall describe how the specific service is supported by the components. The aim is to provide a comprehensive description of the service in one document.
- Functionalities and privileges will be specified in the UDFS while roles have an operational aspect linked to a specific service and will be described in other documents.
- The 4CB will provide a high level overview of information that will be included to the UDFS v2.0 only and, thus, will not be available in UDFS v1.0.
- The TCCG will be involved during all UDFS iterations. For each iteration two documents will be provided; one for RTGS and one for CLM. The first drafts will be provided to the Contact Group members, for a two weeks written procedure, one day before the April meeting as part of the background documentation together with an excel sheet for structured feedback. Any feedback received after the deadline will be treated in the following round.

5. Planning of the Realisation Phase

The ECB Project Team will present a high-level plan covering the deliverables and milestones for the project's Realisation Phase.

Documents:

- *Planning for the Realisation Phase (Presentation from ECB)*

Outcome:

The ECB Project Team presented the high-level plan covering the deliverables and milestones for the Realisation Phase and provided the following clarifications:

- The legal documentation will be added to the high level project timeline.
- The actual dates for each UDFS iteration and the related written procedures will be communicated prior to the next TCCG meeting. With regards to the review cycles of incremental UDFS versions, the Chairperson encouraged the participants to be as efficient as possible and provide feedback within the two weeks as there are only six weeks between two consecutive meetings and longer consultation cycles would result to lost iterations. It was also confirmed that comments will be accepted also on sections that were provided for previous cycles.
- The Connectivity Guide which is needed for the users to prepare their technical infrastructure will be targeted for end of 2019. The current assumption is that the NSPs will be identified by mid-2020. Market participants expressed a view that the NSPs should be known at the latest by end 2019, in order to leave sufficient time for the banks to finalise their internal procurement processes prior to the start of User Testing. It was agreed that this proposal will be analysed by the 4CB with the view of bringing the timeline forward.
- A connectivity solution needs to be in place for the execution of the User Testing which is planned for the beginning of 2021.

6. ISO 20022 messaging in the context of the T2-T2S Consolidation project

The Contact Group members will be further informed about the work of customising the ISO20022 messages for the future RTGS.

Documents:

- *Overview of ISO20022 messages for the future RTGS (Presentation from 4CB)*
- *Overview of ISO20022 messages for the future RTGS (Excel-file from 4CB)*
- *ISO20022 messages – Discussion Topics (Presentation from ECB)*

Outcome:

The 4CB Project Team presented the work being done on customising the ISO20022 messages for the future RTGS. Furthermore, the ECB Project Team presented some discussion topics on the ISO20022 messages. The following was agreed and clarifications were provided:

- All new messages will be ISO compliant messages. The General Ledger as well as account statements will be provided through camt.053.
- The Contact Group will provide written feedback on whether the whitelist related A2A messages shall be developed and if yes, whether these messages shall be ISO20022 compliant (similar to the majority of reference data messages) or be attempted to be registered with ISO even though that they would cover only for a limited use case.
- The Contact Group will provide written feedback on whether the future RTGS Directory and other mass data messages (Calendar/Error Codes) shall be aligned with the current structure (using an additional XML envelope) or a fully ISO20022 compliant message is preferred. It was mentioned that the TIPS Directory is provided as a flat file embedded in an XML envelope.
- The 4CB will enrich the Excel file of the overview of ISO20022 messages for the future RTGS and add columns indicating whether the message is used in RTGS and/or CLM.

7. Usage of MyStandards

The 4CB will provide information about the usage of MyStandards. MyStandards is a SWIFT tool to share messages schemas and information regarding different messages types.

Documents:

- *Information regarding MyStandards (Presentation from 4CB)*

Outcome:

The 4CB Project Team presented a Demo of MyStandards, a SWIFT tool to share information regarding different messages types and provided the following clarifications:

- Participants will be able to provide comments on the message structure inside MyStandards during the UDFS consultations.
- Examples of usage of messages will be included.

- A “restricted” group will be set up to access the tool. In order to get access, one needs a SWIFT account and email address. The SWIFT account can be set up by anyone; however the access to the group (different from T2S) will be granted via a manual procedure. For security reasons, a “generic” access will not be given. The participants shall send their requests to be added to this group to the T2-T2S Consolidation mailbox, although the access is not limited to TCCG members only. The 4CB will provide a user guide as well.

8. Liquidity management

The ECB Project Team will provide more information regarding some aspects of the planned liquidity management functionality.

Documents:

- *Liquidity Management (Presentation from ECB)*

Outcome:

The ECB Project Team provided information on some aspects of the planned liquidity management functionality. The participants discussed the following aspects:

- Whitelist and Liquidity Transfer Group: some participants wondered whether there is a business case for whitelist in combination of the Liquidity Transfer Group. It was clarified that the Liquidity Transfer Group applies only for liquidity transfers within CLM or RTGS. The participants were invited to share their views in written prior to the next TCCG meeting.
- Liquidity Transfers between services: currently, the URD defines that the settlement of the liquidity transfer between services (e.g. from the DCA in one service to the DCA in another service) takes place only on the transit accounts on CLM (and not on the MCA(s) of the respective participant(s) itself). It is so, as a party is obliged to hold MCA only in case he shall hold minimum reserves or to settle operations with his central bank (e.g. open market operations, standing facilities, etc.). Some central banks wondered whether this approach is feasible from a policy and reconciliation perspective. It was also suggested to use a different terminology for liquidity shifts across services and within a single service (e.g. liquidity shifts vs liquidity transfers).
- Pending Liquidity Transfers: the referred case can only apply to liquidity transfers between MCA and RTGS DCA that are triggered due to pending CB operation on MCA.

It was clarified that in case additional liquidity is credited to MCA, then the pending CB operation is attempted to settlement. In the event the new liquidity is sufficient for the settlement of the CB operation, the pending liquidity transfer is cancelled. In the event the new liquidity is not sufficient for settlement of the CB operation, the pending liquidity transfer on RTGS DCA remains pending in the same amount.

- Reservations: the participants confirmed that all reservations shall be cancelled at EOD (after the last settlement attempt) and all liquidity shall be available again for the standing order for reservation at SOD.
- Multiple Accounts: the participants confirmed that in RTGS, a BIC11 shall be linked to one and only one RTGS DCA. Some central banks asked, whether the MCA could also be addressed by a BIC11 instead of using account numbers.

9. Any Other Business

The next Contact Group meeting will be held at the ECB premises in Frankfurt am Main on 24 April 2018.

After the Contact Group meetings, all meeting documents will be published on the ECB homepage (link: <http://www.ecb.europa.eu/paym/initiatives/html/documents.en.html>).