

Conclusions
T2S National User Group Germany
3 July 2017

1. Opening remarks and approval of the agenda

In the absence of Jochen Metzger Dirk Schrade welcomed the NUG members for this meeting. He thanked those NUG members that bid meanwhile farewell after the successful T2S migration of the German market for their valuable contributions. In addition, he warmly welcomed the representative of State Street being a new NUG member from now on. The minutes of the last meeting had been meanwhile finalised by written procedure. Under the approach “NUG goes web” Bundesbank has introduced on its homepage a dedicated area for the NUG where in particular latest outcomes as well as an up-to-date member list are available. Following the establishment of AMI-SeCo in spring 2017 the content of the draft mandate of the new AMI-SeCo National Stakeholder Group (AMI-SeCo NSG) as connector to the local markets has been introduced. With regard to the extended NSG scope encompassing also collateral management aspects the NUG would also see benefits from specific expertise on collateral management. While clearly pointing out that doubling in size would not be an option it was agreed to look for possible options and to come back to this issue in the next meeting.

2. Reporting and debriefing

The chairperson debriefed the NUG comprehensively on the current stance of the three Eurosystem projects around the evolution of the future Eurosystem market infrastructure (TIPS, T2/T2S consolidation, ECMS). In this context the issue of hitherto diverging holiday calendars in T2/T2S came up. The NUG was informed that current analysis in this regard shall be enriched by further factual evidence and afterwards discussed at European level in the second half of 2017. NUG members also discussed issues around the availability of TIPS accounts (24/7/365) and the related consequences on liquidity management.

3. Issues round T2S

3.a. T2S in operations

The 4CB Functional Application Manager gave as usual an overview on T2S operations focusing on transaction statistics related to the period since migration of the German market in February. Furthermore, he informed on current discussions in the area of information security and cyber resilience. The German NUG congratulated the 4CB in particular regarding the considerable operational improvements and also the sound end-of day processing.

3.b. Technical issues: Update on CRG/RMSG activities

The Bundesbank’s CRG member provided a status update on all activities at CRG/RMSG level (including also update on the Task Force on performance improvement to the T2S GUI). Related to the upcoming work on the future T2S releases (especially R3.0) scoping of those releases will be initiated soon. In this regard all changes requested (i.e. not comprising changes meanwhile implemented or rejected) will be questioned regarding their importance from a business point of view. In this respect the NUG discussed whether the 10 NUG CRs currently qualified with status “parked” are still necessary for the German market. Out of this intensive substantial discussion, the

NUG agreed to withdraw CR 546 (Indication for time-critical settlements (“settlement till” time stamp”)) while maintaining the other nine CRs (CR 444, CR 541, CR 542, CR 543, CR 544, CR 556, CR 628, CR 629, CR 630). In addition, the NUG agreed that priority should be given to CR 444 (User authentication without USB-token/SmartCard for GUI-access), CR 542 (Enrich camt.054 with data elements SAC Owner Parent BIC and SAC Owner Party BIC) and CR 556 (Modification of cash forecast for the current and following business day after DVP cut-off). In that respect NUG members stressed in view of cyber resilience the prominent relevance of CR 444 (User authentication without USB-token/Smart Card for GUI-Access). According to their view the USB port (which is necessary for the USB-Token) would enlarge the risks for cyber attacks. It was agreed to address this particular issue with the security experts in the Information Security Subgroup (ISSG).

4. Issues related to harmonisation of securities and collateral management

With respect to the upcoming AMI-SeCo meeting different harmonisation issues, in particular the mid-year 2017 harmonisation status update and the changes in the area of the implementation status of the T2S CASG standards, were briefly addressed. A CSD representative added in this regard that the number of market claims was significantly reduced by 78% after the introduction of the Record Date. Further standards with high impact on the T2S community are estimated to be implemented in the course of the second half of 2018 due to the implementation of a new tax law “InvStG” since a lot of issues are not clarified yet. Related to the two remaining standards (CUM indicator, generating market claims only after underlying transaction has been settled) there are currently no statistics available displaying the materiality of the issue. Since the draft report prepared by the HSG DLT TF “The potential impact of DLTs on post-trade and on the wider EU financial market integration” was intended to be discussed at AMI-SeCo-level the Chair of the respective TF presented the main findings of that report that was very much appreciated by the NUG. Related to collateral management harmonisation the NUG members were informed about the key areas of future work identified by the HSG in this respect. Moreover, it was intended to set-up a dedicated HSG Task Force on Collateral Management Harmonisation (the respective call for interest launched at the very same day has been forwarded afterwards to the attention of the NUG).

5. Other issues discussed at the level of the Advisory Group on Market Infrastructures for Securities and Collateral (AMI-SeCo)

The NUG was updated on the Eurosystem’s initiative allowing the mobilisation of collateral for Eurosystem credit operations only in T2S. Meanwhile a dedicated AMI-SeCo Workshop has taken place in May. Regarding the contributions to a questionnaire submitted afterwards, the market is in overall agreement with the Eurosystem’s analysis. However, market participants stressed the need for efficient interaction between the key players (T2S, ICSDs, Triparty Agents). In this respect a CSD representative confirmed the joint intention of both ICSDs (Clearstream and Euroclear) to ensure an efficient xborder-settlement of Eurobonds in T2S. With respect to a presentation to be held jointly by Clearstream and Euroclear in this context at the next AMI-SeCo meeting, she outlined the proposed solution for the future set-up by the ICSDs implying efficient processing, reconciliation and realignment. NUG members appreciated the aforementioned approach very much.

6. Miscellaneous

The NUG was informed about the upcoming focus session in Frankfurt on 7th July 2017 as well as on the next meeting in AMI-SeCo NSG format taking place on 4th December 2017 (in advance of the first joint AMI-Pay/AMI-SeCo meeting).