

**Conclusions**  
**T2S National User Group Germany**  
**3 March 2017**

**1. Opening remarks and approval of the agenda**

The chairperson welcomed the NUG members, in particular Holger Meffert from DZ Bank as well as Matthias Schmutte from Bundesbank participating as members of the Advisory Group on Market Infrastructures for securities and collateral (AMI-SeCo). In this context he also informed that Thomas Geis will hand over the baton to Götz Röhr as representative of HSBC in AMI-SeCo. Since the NUG is intended to remain the link to the respective domestic market the chairperson also invited warmly the AMI-SeCo members originating from German institutions to participate in NUG meetings. The minutes of the last meeting had been meanwhile finalised by written procedure and have already been submitted to the ECB for publication at the internet. The NUG approved the agenda of the current meeting.

**2. Reporting and debriefing of current T2S Programme Status**

The chairperson debriefed on the successful migration of wave 4, encompassing in particular the transition of the German market. This has been with respect to T2S settlement volumes a real quantum leap for T2S and fortunately T2S production runs largely smoothly. He thanked all stakeholders for their persistent commitment and support to achieve this major milestone. In this vein, a representative of Clearstream shed more light on the migration from a Clearstream perspective and debriefed also on other issues of relevance discussed at CSG-level. In particular the basic concept of the Eurosystem Issuance Service (EIS) outlined at CSG-level was briefly introduced.

Furthermore, two issues that emerged in the German market following its migration to T2S were discussed within the NUG.

- Regarding problems in the context of new issues of certificates Clearstream is currently working in discussion with the issuers on a solution to ensure an earlier upload of the respective static data of the new certificates to T2S thus mitigating the said issue.
- With respect to the issue around unpublished BIC 11 that led to rejection of instructions by T2S, some NUG members strongly objected to the publication of their unpublished BICs. Clearstream agreed to establish a schedule mapping the account numbers with the BIC code thereby solving this issue.

**3. T2S in operations**

The 4CB National Product Manager gave a comprehensive overview of T2S operations in particular focussing on the production statistics after migration of wave 4. He also presented the issues discussed currently in the field of information security/cyber resilience and outlined the Eurosystem's measures in this area. Related to the ongoing discussion on the efficiency of the T2S GUI, NUG members were informed about the Eurosystem's plans to set up a GUI Task Force to discuss potential performance improvements. Representatives of dwpbank and Commerzbank volunteered as Cash DCPs to be members of the GUI Task Force (to be nominated by Bundesbank) whereas a representative of Deutsche Bank and another securities DCP will be nominated for the Task Force by Clearstream. Moreover, NUG members were reminded to provide respective contributions by 8 March e.g. the types/scope of performance issues currently encountered, measures needed or any specific proposals which should be considered relevant to the objective of the aforementioned Task Force .

In the subsequent tour de table NUG members gave some insight into their experiences made in the context of the recent migration as well as their perception of the current T2S performance. Beside the two issues mentioned beforehand, the German NUG members were very satisfied with the migration (“best migration ever”) and were also quite content about the T2S performance so far. Nevertheless, there are still some issues in the area of cash/liquidity management that deserve further consideration. Therefore, it was agreed to invite all German cash DCPs to a cash workshop in May in order to have an open exchange of views on various issues around cash management.

#### **4. Evolution of Eurosystem market infrastructures**

The 4CB National Product Manager gave an update on the timeline and the current status of the different Eurosystem projects in this regard. He focussed in particular on the design approach of the T2/T2S consolidation outlining in more detail the concept of a central liquidity management.

#### **5. Advisory Group on Market Infrastructures for securities and collateral management (AMI-SeCo)**

Following-up on the last meeting NUG members were informed about the establishment of AMI-SeCo and in particular on AMI-SeCo representatives originating from German institutions. Regarding the scope of harmonisation issues that could be fostered primarily by the new AMI-SeCo format a list of potential issues (based on former work done by T2S AG/COGESI) both in the area of securities settlement harmonisation and collateral management was briefly addressed. More details in this regard are expected to be known by summer.

#### **6. AMI-SeCo Post-Trade harmonisation work**

With respect to the escalation letter of the MIB-Chair details around the non-compliance of the German market with the T2S CASG standards were discussed. NUG members reconfirmed their firm stance regarding the two issues where DE currently lacks a plan for full compliance. What would be in particular of interest is thus to know in detail how other markets have managed to implement solutions that ensure the prevention of tax fraud. In general, NUG members strongly recommended to reconsider these issues at CASG-level with the objective to slightly amend the respective standards.

#### **7. Eurosystem deliberations on taking collateral in Eurosystem credit operations**

A Bundesbank representative outlined the Eurosystem’s reflections on the idea of receiving collateral in T2S only which - under certain conditions – could be a very efficient solution. He also pointed out the implications such an approach is likely to have and offered bilateral consultations with the individual counterparties where needed.

#### **8. Technical issues: Update on CRG/RMSG activities**

The Bundesbank’s CRG representative provided a comprehensive update of all CRG/RMSG activities focusing in particular on the status of change requests stemming from the T2S NUG DE. A discussion on the future maintenance of those NUG DE CRs that are currently not foreseen for any future T2S release might take place in the next NUG meeting. Moreover, in context of cost recovery related to future CRs the pricing policy was touched. Regarding the ongoing discussion on details around CR 544 the NUG favoured the compromise option 4, i.e. to introduce a new privilege both on the cash and on the securities side.

#### **9. Miscellaneous**

The NUG was briefly informed about the T2S settlement volume developments significantly deviating from the original estimate. Related to future meeting dates the NUG will meet the next time on 3 July 2017 prior to the July AMI-SeCo meeting and it was agreed to block 4th December as a potential meeting date (to be confirmed at a later point in time). Furthermore, the NUG members were reminded of the upcoming Eurosystem Focus Session on 28 March 2017 hosted by the Deutsche Bundesbank at the Deutsche Nationalbibliothek in Frankfurt.