

Conclusions
DE AMI-SeCo NSG
20 June 2018

1. Opening remarks and approval of the agenda

Matthias Schmudde welcomed the NSG members at the current meeting, in particular Gesa Benda (BNY Mellon) being physically present for the first time in the regular NSG meeting as well as Patrick Arora (DSGV). Regarding further housekeeping matters he informed on changes in the NSG membership on the side of the banking associations as Pascal Friedrich from BVR takes over from Dr. Diedrich Lange and Dr. Thomas Preuße from VÖB replaces Dr. Hagen Christmann. Later on Jochen Metzger bid farewell to the long standing T2S NUG/NSG-members Karla Amend and Andreas Geissler and thanked them for their valuable contributions. The minutes of the last AMI-SeCo NSG meeting in March 2018 have meanwhile been finalised and are already available in the internet. The NSG approved the agenda for today's meeting.

2. Reporting and debriefing from T2S Steering Level

The chairman briefed the NSG on issues occurred at MIB-level and other major developments in the T2S-area (i.e. entry into force of the T2S collective agreement, ongoing preparation with respect to October 2018 migration etc.). Katharine Waldie updated the NSG comprehensively on key issues discussed at CSG-level (e.g. issues related to the implementation of the CSDR penalty mechanism). With regards to activities initiated at CSG-level such as the analysis of T2S settlement efficiency she suggested to also discuss these issues at NSG-level after the summer break.¹

3. Status update on the T2/T2S consolidation and ECMS projects

- The Bundesbank's Level 2 TCCG-member provided an update on the progress of the T2/T2S consolidation project. She outlined in particular the ongoing drafting process of the User Detailed Functional Specifications (UDFS) and the Business Description Document (BDD). CSD representatives supported by some NSG-members reiterated their request to extend the TCCG-composition to also infrastructure providers. It was clarified that the TCCG focuses primarily on RTGS/liquidity management aspects as the main objectives of the T2/T2S consolidation and therefore only the clients mainly active in this area were invited to contribute directly. However, the Bundesbank will ensure efficient communication to all stakeholders on all issues relevant for the German market discussed at TCCG-level. This will primarily take place in the AKZVS (DE AMI-Pay NSG) where market infrastructure providers are present.
- The NSG was also updated by a Bundesbank representative on the progress of the ECMS project in particular focussing on planning aspects. More detailed information on the significant progress on harmonisation achieved in the CMH-TF was provided under agenda item 5.

4. Issues around T2S

4.1 T2S in operations

A Bundesbank representative gave a brief overview on T2S operations focusing on issues around the major deployment of T2S Release 2.0. These issues were discussed intensively afterwards especially regarding the lessons learnt so far that might lead to future improvements.

¹ Meanwhile, the NSG has been invited to such a workshop for the 16th August 2018.

4.2 2018 T2S Price Review

A Bundesbank representative outlined the cornerstones of the finale pricing proposal that was being coordinated at ECB Governing Council level at that very moment. She recapped the past dialogue duly involving the T2S community and also referred to their feedback that has been considered in the final pricing proposal. After an exchange of views in particular on the issue of operating costs in general, it was agreed that the achievements reached so far regarding optimisation/automation that led also to cost reduction will be presented in the next NSG meeting.

4.3 T2S Volumes

The issue of T2S volumes was introduced to the NSG by referring to the outline prepared for discussion of the dedicated workshop at AMI-SeCo-level. In a subsequent tour de table NSG members brought forward that T2S cross-CSD settlement has substantially increased after the Go-live of OneClearstream. Additional future volumes might derive from ICSD business and/or business from non-European CSDs. Internalisation does not seem to play a major role. Overall, at the current juncture the NSG did not expect a substantial increase in T2S volumes in the near- to middle future and recommended to better focus on reducing operating costs.

4.4 Technical issues: Update on CRG/RMSG activities

A Bundesbank representative provided the regular status update on all ongoing activities at CRG/RMSG level. This included in particular an update on the forthcoming T2S releases as well as the current status of the AMI-SeCo NSG CRs. In this respect Clearstream and Eurex Clearing strongly expressed their support to implement CR 653 T2S partial release functionality as this would most likely result in increased T2S settlement efficiency benefiting the whole community.

5. Issues related to AMI-SeCo post-trade harmonisation work

- Among the main harmonisation items that will be addressed at the next AMI-SeCo meeting the NSG discussed the issue of portfolio transfer which is of particular relevance for the German market. The NSGs appreciated that a decision in this regard will only be taken when the full dossier including a comprehensive handbook on portfolio transfers will be available for endorsement. Related to the T2S NUG/NSGs past discussions on T2S optional matching fields the Bundesbank representative also debriefed on the outcome of the XMAP analysis of statistical information on the usage of T2S optional matching fields. A member of the HSG Fintech-Task Force informed the NSG on the progress achieved so far in this Task Force as well as on the future challenges.
- The Bundesbank's TF-member elaborated on the key contents of the CMH-TF reports on triparty collateral management and corporate actions in the context of collateral management. Market participants were involved in related work in a twofold manner in respective work as they contribute directly at the level of the CMH-TF and are also involved via the DE-AMI-SeCo NSG. The described harmonised triparty processes concern mainly those interactions involving Eurosystem central banks and market participants, harmonisation of corporate action events focus on those processes deemed relevant for Eurosystem eligible collateral. However, other workstreams have also made progress but will be presented later. The CMH-TF Chair complemented the following discussion by stating that details related to a compliance monitoring of those standards would be discussed later. Furthermore, she added that it was now for the market to kick-off on the basis of the CMH-TF work further work on harmonisation in other areas of collateral management outside of the scope of those reports.

6. Miscellaneous

The next regular AMI-SeCo NSG meeting is intended to take place in advance of the AMI-SeCo meeting on 19 November 2018.