

DE AMI-SECO NSG

Minutes
DE AMI-SeCo NSG
1 July 2019

1. Opening remarks and approval of the agenda

The meeting was chaired by Katharina Tobiasch on behalf of Jochen Metzger. The Chair welcomed Elke Wachter replacing Thomas Weinberg from the Deutsche Finanzagentur as new DE AMI-SeCo NSG member as well as Claudia Wulfes of Eurex Clearing replacing Radoslava Tsvetkova. The NSG adopted the agenda for the current meeting. The outcome of the last NSG meeting in May was already coordinated and is thus available at the internet.

2. Debriefing from Steering Level

The chair informed the NSG on organisational matters that occurred in the meantime on ECB/MIB level. The MIB was in the meantime naturally busy with managing the Eurosystem projects T2/T2S Consolidation and ECMS (regular status updates were provided under distinct agenda items 5, 6). The Clearstream representative comprehensively debriefed the NSG on key issues discussed at CSG-level. This covered in particular the following topics:

- Analysis on the T2S financial situation, in particular on the key factors driving the financial performance.
- The status of the discussion on a reclassification of T2S CRs resulting from the T2/T2S consolidation project (CR708, CR709) from optional to necessary is now proposed to the MIB for decision and therefore the implementation costs would be borne by the consolidation project (however the implementation effort will count towards the committed T2S capacity).
- The T2S incident of November 2018 as well as the lessons learnt so far.
- The ongoing examination by the T2S External Examiner for the business year 2018 that is expected to be finalised by the end of the year.
- The GDPR activities where work on the analysis of its implication is ongoing at Eurosystem-level.
- The main issues discussed at the last CSG workshop on settlement efficiency in June as well as the follow-up.

3. Collateral Management Harmonisation

An update of the last developments of the work regarding the Collateral Management Harmonisation Standards was given. After the last AMI-SeCo meeting Corporate Action Standards 5 (negative cash flows), 10 (blocking of securities) and 14 (processing of non-Euro CA events) have been clarified and are expected to be endorsed by the AMI-SeCo on July 2nd.

As regards the monitoring process CBF in its role as CSD and as TPA will provide adaptation plans per activity (triparty, billing, corporate actions) to the NSG. These plans will be reviewed and coordinated in a dedicated NSG workshop on collateral management harmonisation on September 13th. The final plans will then be submitted to the ECB AMI-SeCo secretariat by September 26th. Regarding the upcoming monitoring process all NSG members offering custody services are expected to participate. NSG members which are acting as issuer/ issuer agent are expected to answer the CMH surveys in both of their capacities (custodian and issuer/issuer agent). The compliance status of single NSG members except CBF will not be disclosed; instead a consolidated German market status will be reported.

Coordinating the 2019 monitoring of the CAJWG standards, of the CASG standards and of the adaptation plans of the CMH standards (after AMI SeCo meeting on July 2nd):

- AMI-SeCo Secretariat forms the single contact point including distribution, reception and follow-up of the questionnaires,
- questionnaires for CAJWG and CASG will be distributed at the same time with the same deadline to a combined contact list of NSGs and MIGs,
- AMI-SeCo Secretariat channels the feedback to the questionnaire to the secretariats of the specific industry groups (i.e. CAJWG, CASG and CMH-TF),
- given that the ownership of the standards remains unchanged, the findings of the CAJWG will be considered by the CAJWG, while the findings of the CASG and CMH-TF will be reported to the AMI-SeCo via HSG. The respective findings and reports will be shared among these industry groups,
- at local level the given cooperation between DE-NSG and MPC will be maintained.

As this year's CMH-TF monitoring consists of monitoring the adaptation plans and not yet the specific standards, it is advisable not to consolidate the questionnaires for CAJWG, CASG and CMH-TF at this stage but possibly in the next step. For that reason, the CAJWG and CASG remain separate questionnaires.

4. Market consultation on the European Distribution of Debt Instruments (EDDI)

The members of the NSG were informed about the start of the market consultation and encouraged to participate in it. After reviewing the feedback the Eurosystem will decide in Q4 2019 on the next steps regarding EDDI.

5. Status update on the Eurosystem Collateral Management System project (ECMS)

The NSG was informed that the project is on track. Currently the user detailed functional specifications are compiled and will be finalised in Q3 2019. In the next stage the 4CB will work on the testing and migration strategy as well as on the readiness monitoring framework for Eurosystem counterparties.

The User test phase will last from October 2021 until Q3 2022.

6. Status update on the T2/T2S consolidation project

A Bundesbank representative provided the NSG with an update of the consolidation project. This included in particular the

- current status of the functional documentation necessary for the market participants' internal preparations where in particular UDFS version 2.0 was expected to be published on the very same day,
- the enhancement of the key milestones to ensure a successful big-bang migration where the chair reiterated with regard to community readiness monitoring the importance of realistic assessments by clients in order to ensure that NCBs dispose of an appropriate picture of its market's preparatory stance and
- other areas of interest regarding the update of NSP selection process and the ongoing preparatory work on Eurosystem-level (e.g. activities related to test and migration preparations).

7. Further post-trade harmonisation work

A Bundesbank representative provided an update on further AMI-SeCo harmonisation activities (beside collateral management harmonisation). In particular the issues of vital interest for the German market such as the outcome of the HSG discussion on a potential market practice for partial release, the update on the HSG Fintech-TF and the stance on the handbook for portfolio transfers were addressed.

8. Issues around T2S

8.1 Update on T2S financials / T2S volumes

The issue was already touched in the context of the CSG-debriefing with respect to the T2S financial situation (see agenda item 2).

8.2 Update on T2S operations

As the highlights were already addressed in the course of the discussion the NSG agreed not to dive into further details due to time constraints.

8.3 Update on CRG activities

The Bundesbank's CRG representative debriefed on

- the satisfying outcome on the joint workshop on the future maintenance window for TARGET services end of May 2019 as well as on
- the stance of discussion related T2S change requests resulting from the T2/T2S consolidation proposed for reclassification (see also agenda item 2).

Due to time constraints the NSG agreed not to tackle further details at this juncture.

9. Miscellaneous

- Regarding the broad scope of issues meanwhile tackled at NSG-level some members requested from time to time to also be represented more broadly with the relevant experts. The chair reiterated that the hitherto restricted approach was chosen mainly regarding capacity constraints and that the NSG held dedicated workshops in the past to open up also for more intensive discussion an expert level. However, the chair had some sympathy to reflect on a more convenient solution for the future, e.g. to split the NSG meeting into two parts if feasible (i.e. T2S incl. T2/T2S consolidation composition in the morning and collateral composition after lunch).
- The upcoming NSG meeting dates were presented, highlighting the next NSG collateral management harmonisation workshop on 13 September 2019 where the adaptation plans will be presented to the market (for finalisation until 26 September 2019).