

Minutes
DE AMI-SeCo NSG
29 November 2019

1. Opening remarks and approval of the agenda

The meeting was chaired by Antje Heikamp on behalf of Jochen Metzger. The chair welcomed the NSG members and in particular Uwe Dreger replacing Uwe Loose from BNP Paribas Securities Services as well as Kira Herzog from Barclays replacing Mary Schäfer as new DE AMI-SeCo NSG members. The outcome of the last NSG meeting in July was already coordinated and is thus available at the internet. The NSG adopted the agenda for the current meeting.

2. Debriefing from Steering Level

- The chair informed the NSG that the MIB was in the meantime naturally busy with managing the Eurosystem infrastructure projects TARGET2/T2S Consolidation and ECMS (where regular status updates were provided under distinct agenda items 4 and 5).
- The Clearstream representative comprehensively debriefed the NSG on key issues discussed in the interim at CSG-level. This covered in particular issues related to the T2S change and release management, the T2S financial controlling, the way forward with respect to the first external T2S examination, the follow-up on the T2S comprehensive oversight assessment as well as the substantial progress achieved in the discussions around T2S settlement efficiency.

3. Collateral Management Harmonisation

- The chair introduced the agenda item by recapping some background information on the establishment of the adaptation plans related to the AMI-SeCo standards on collateral management harmonisation that will be finally coordinated afterwards via brief NSG written procedure. A Clearstream representative elaborated on the latest revisions and stressed in this context the current indicative nature of those adaptation plans.
- Regarding the custodians as one important category of implementing actors the chair recalled the agreed approach whereupon all NSG members offering custody services are in the scope of the monitoring exercise towards the implementation of the aforementioned standards expected to start early next year. Contrary to what was proposed before custodians active in multiple markets that have to implement the changes of the CSDs in several markets need to report in each market to ensure a consistent monitoring.
- As regards to collateral management areas where further harmonisation was deemed necessary, the chair outlined the Expert Group structure that reports to the CMH Task Force.
- With respect to the wave 2 timeline she informed the members on the key contents of the proposal for the next AMI-SeCo (deadline November 2025 + AMI SeCo letter to SWIFT regarding the end of the co-existence period). Some members indicated on the general dependency regarding the global discussion with SWIFT in particular on the end of the co-existence before deciding on any wave 2 timeline and on the overall fragmented ISO message landscape in the financial sector. It was agreed to follow-up in the NSG on this issue after the AMI-SeCo meeting once the draft AMI-SeCo recommendation letter to SWIFT will be available.

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

- A Bundesbank representative informed the NSG on the ECMS project stance in particular on the status of the UDFS, the Business Description Document (BDD) that is intended to be published in Q1 2020 as well as the ongoing Eurosystem activities on the further realisation. With respect to the necessary access to ECMS via the single interface ESMIG the Bundesbank intends to support service providers interested in facilitating such an access for German monetary counterparties.
- Regarding the content of the agreed industry corporate action standards the NSG was somewhat surprised to learn that the respective ECMS workflow foresees processing of corporate action cash proceeds via MCA (instead of T2S DCA) and agreed to provide comments in this regard on the functional documentation expected to be shared. In connection with the future account structure the NSG was informed that in case an institution maintains in the future a DCA in one of the settlement services (i.e. RTGS, T2S or TIPS) with a central bank it needs to mandatory open also an MCA with the same central bank.

5. Status update on the T2/T2S consolidation project

- The Bundesbank's TCCG representative provided the NSG with an update of the consolidation project. This included the current status of the related functional documentation where in particular UDFS version 2.1 was expected to be published slightly before Christmas as well as the preparatory stance of the German market according to the latest community readiness monitoring exercise. In this context, she outlined the Bundesbank's comprehensive package of supportive actions thereby actively accompanying the German market in its preparations for a successful migration.
- In relation to the big bang approach, several NSG members pointed out their concerns regarding the lack of a contingency solution i.e. a plan B in case some middle-ranking institutions might not be ready for migration in the end. In this context, the omnipresent conflict of scarce resources to be efficiently allocated to projects implementing mandatory regulation as well as other project-driven demands was addressed. A Bundesbank representative stated clearly that the big bang approach had been carefully chosen as the only feasible approach after having thoroughly analysed the overall picture taking duly into account also other changes in the ecosystem (e.g. SWIFT migration, HVPS+ etc.). Insofar the community readiness monitoring is of utmost relevance for the Eurosystem to assess the individual market's preparatory stances. In order to provide the Eurosystem with a realistic picture participants were reminded to report rather conservatively.
- As regards to planning aspects participants urgently requested an early transparency in 2020 on key testing periods in particular exact dates related to planned weekend dress rehearsal.

6. Further post-trade harmonisation work

- A Bundesbank representative provided an update on further AMI-SeCo harmonisation activities (beside collateral management harmonisation) and in particular on the compliance status NSG of the German market to be presented the next Harmonisation progress report (coordinated beforehand with the NSG) where compliance with the so-called the high impact standards is expected to be achieved by Q2 2020.
- Furthermore, she briefly touched the lessons learnt from the first 2019 exercise of corporation actions compliance monitoring where it is now proposed to monitor the CASG, CAJWG and CMH standards under the AMI-SeCo umbrella while the ownership of the said standards should remain untouched.
- As regards the vital interest of the German market to establish a European market practice regarding NPAR flagging to further promote partial release in T2S she updated the NSG

on the current stance of discussions after the implementation of the relevant T2S CR in November 2019.

8. Issues around T2S

- Due to time constraints NSG agreed not to dive into further details on T2S operations and took note of the content of the respective slides.
- As regards the T2S evolution activities a Bundesbank representative updated the NSG on the content of the upcoming T2S releases as well as other relevant information in relation to recent CRG activities. Related to the review of the T2S change requests raised on behalf of the German NSG the NSG agreed to withdraw CR 544 “Retroactive Cash Restriction” and to reflect by year-end whether to also withdraw CR 628 “Add Event Type Code “EDVP” to list of eligible “event trigger” for standing and predefined liquidity transfer orders”. In light of keeping the NSG a bit more in the loop of the ongoing CRG activities which had unfortunately not been possible in the recent past due to time constraints it was agreed for the future at minimum to enrich the slides by providing further details on the functionality of the T2S CRs especially those related to treasury.

9. Miscellaneous

Dates for the 2020 NSG meetings will be shared after the respective AMI-SeCo meeting dates have been fixed.