

TARGET2/T2S-Consolidation

– looking ahead together

Frankfurt am Main, December 2020



TARGET2/T2S-Consolidation

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Welcoming address & opening remarks

- 1 **Community Readiness Monitoring – where are we coming from?**
- 2 **Community Readiness Monitoring – what's new?**
- 3 **We are at your side: preparation of the participants**
- 4 **What are the next steps?**

Looking ahead together

Opening remarks

- **Repeated requests from the European banking industry to postpone the go-live of the TARGET2/T2S-consolidation project.**
 - Various consultations with market participants in April and May 2020
 - Letter from the European banking associations on May 7, 2020
- **The concerns from the banking industry regard several regulatory projects (e.g. requirements from CSDR and SRD-II).**
- **Main reasons:**
 - Corona pandemic (COVID-19)
 - SWIFT-Decision to postpone the start of the ISO 20022 migration in correspondent banking

Looking ahead together

Opening remarks

- **Decision of ECB's Governing Council on 27 July 2020:**
 - **Extension** of the project duration of the TARGET2/T2S-consolidation **by 12 months**
 - New go-live date: **21 November 2022**
 - Start of user tests: **1 December 2021**
- The project extension requires an **adjustment of the project milestones and the reporting** on the project progress.

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Looking ahead together

Where are we coming from?

As a reminder: The cornerstones of the Community Readiness Monitoring

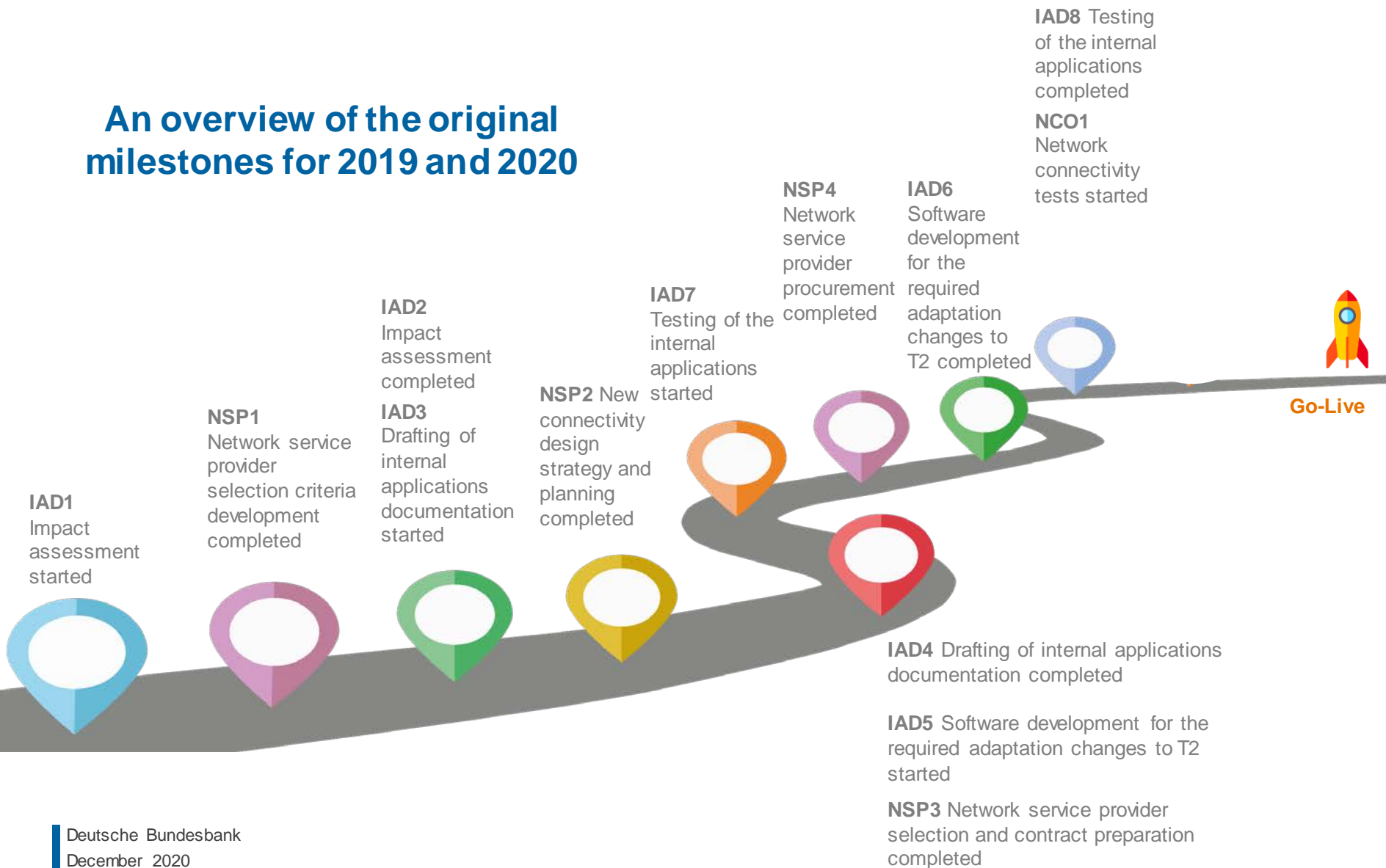
- The „Project Key Milestones“ provide the fundament.
- **Every institute is responsible** for creating its own readiness to migrate.
- The central banks support their communities and monitor the preparation status of their community through regular Community Readiness surveys.
- At the European level, the preparation status of all user communities is compiled and evaluated.

Goal: A successful migration of all communities participating in T2 across Europe as part of the Big Bang in November 2022.

Looking ahead together

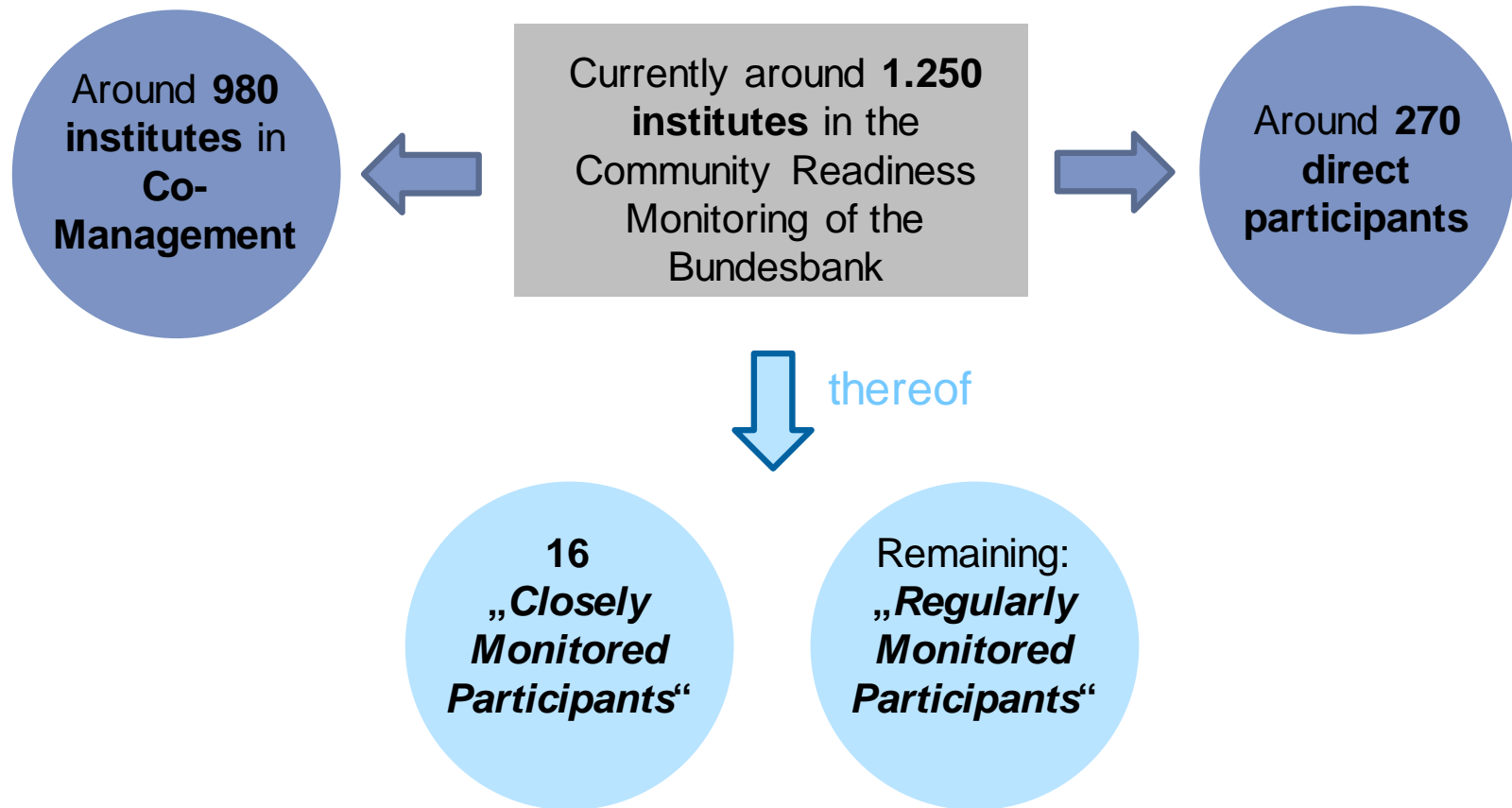
Where are we coming from?

An overview of the original milestones for 2019 and 2020



Looking ahead together

Community Readiness Monitoring in Germany



Looking ahead together

Community Readiness Monitoring in Germany

- The **last official Community Readiness Survey** was carried out on **March 31, 2020**.
- It was overshadowed by the outbreak of the corona pandemic and the postponement of the ISO 20022 migration in correspondent banking announced by SWIFT at the beginning of March 2020.

Which milestones were queried?

- **IAD4** „Drafting of internal applications documentation completed“.
- **IAD5** „Software development for the required adaptation changes to T2 started“.

The milestone NSP3 („Network service provider selection and contract preparation completed“), which was originally also dated March 31, 2020, was postponed due to the corona pandemic and the related extremely limited mobility.

Looking ahead together

Community Readiness Monitoring in Germany

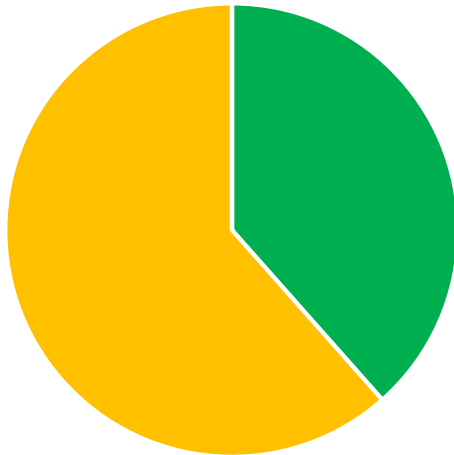
Results for the German market (as of March 31, 2020)

- On that reporting date
 - **38 %** of the „Closely Monitored Participants“ (5 of 13) and **11 %** of the „Regularly Monitored Participants“ reported the status „**green**“,
 - **62 %** of the „Closely Monitored Participants“ (8 of 13) and **86 %** of the „Regularly Monitored Participants“ reported the status „**yellow**“.
- **Seven** „Regularly Monitored Participant“ reported the status „**red**“.
- IAD4 was fulfilled by 10% of the "Regularly Monitored Participants" and five of the 13 "Closely Monitored Participants".
- IAD5 was reached by 90% of the "Regularly Monitored Participants" and nine of the 13 "Closely Monitored Participants".

Looking ahead together

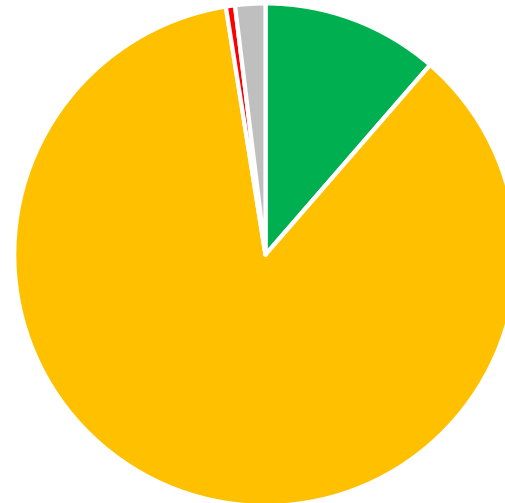
Community Readiness Monitoring in Germany

Assessment of the migration readiness of the CMPs at the end of March 2020

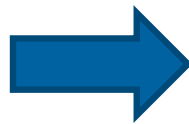


■ Grün ■ Yellow ■ Red

Assessment of the migration readiness of the RMPs at the end of March 2020



■ Green ■ Yellow ■ Red ■ No reply



What does it look like now?

TARGET2/T2S-Consolidation

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1 Recap of Community Readiness Monitoring – where are we coming from?

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Community Readiness Monitoring – what's new?

– Adjustments:

- New key milestone plan was published mid November.
- The supplementary document for the key milestones will be updated.
- Expansion by **four new key milestones** for participants.
- More time to complete most of the outstanding milestones.
- Usually milestones for the start of certain activities are on the first day of the month and milestones for the completion of activities end on the last day of the month.

– Reporting cycle: Always at the end of each quarter.

- Query of all **milestones that have become due** in this quarter plus those that an institute has **not yet met**.
- **New:** Each milestone survey contains a **query about expectations** regarding the fulfillment of upcoming milestones.

Looking ahead together

Community Readiness Monitoring – what's new?

IAD7 (01/03)
Testing of the internal applications started

IAD6 (30/06)
Software development for the required adaptation changes to T2 completed

NSP3 (31/03)
NSPs selection and contract preparation completed

NSP4 (30/06)
Network Service Providers procurement completed

IAD8 (31/08)
Testing of the internal applications completed

UTA1 (01/12)
User testing activities started

NCOP1 (01/05)
Network connectivity tests on production started

NCOP2 (31/07)
Network connectivity tests on production completed

OPA (30/09)
Operational procedure adaptations completed

CLA (30/09)
Contractual and legal adaptations completed

UTA2 (30/09)
User testing activities completed

Nov. 2022 Go-Live

MIG1 (22/08):
Pre-Migration activities on production started

MIG2 (31/10):
Pre-Migration activities on production completed

NCO2 (30/11)
Network connectivity tests completed

IST2 (30/11)
Training for user testing completed

NCO1 (01/09)
Network connectivity tests started

IST1 (01/09)
Training for user testing started

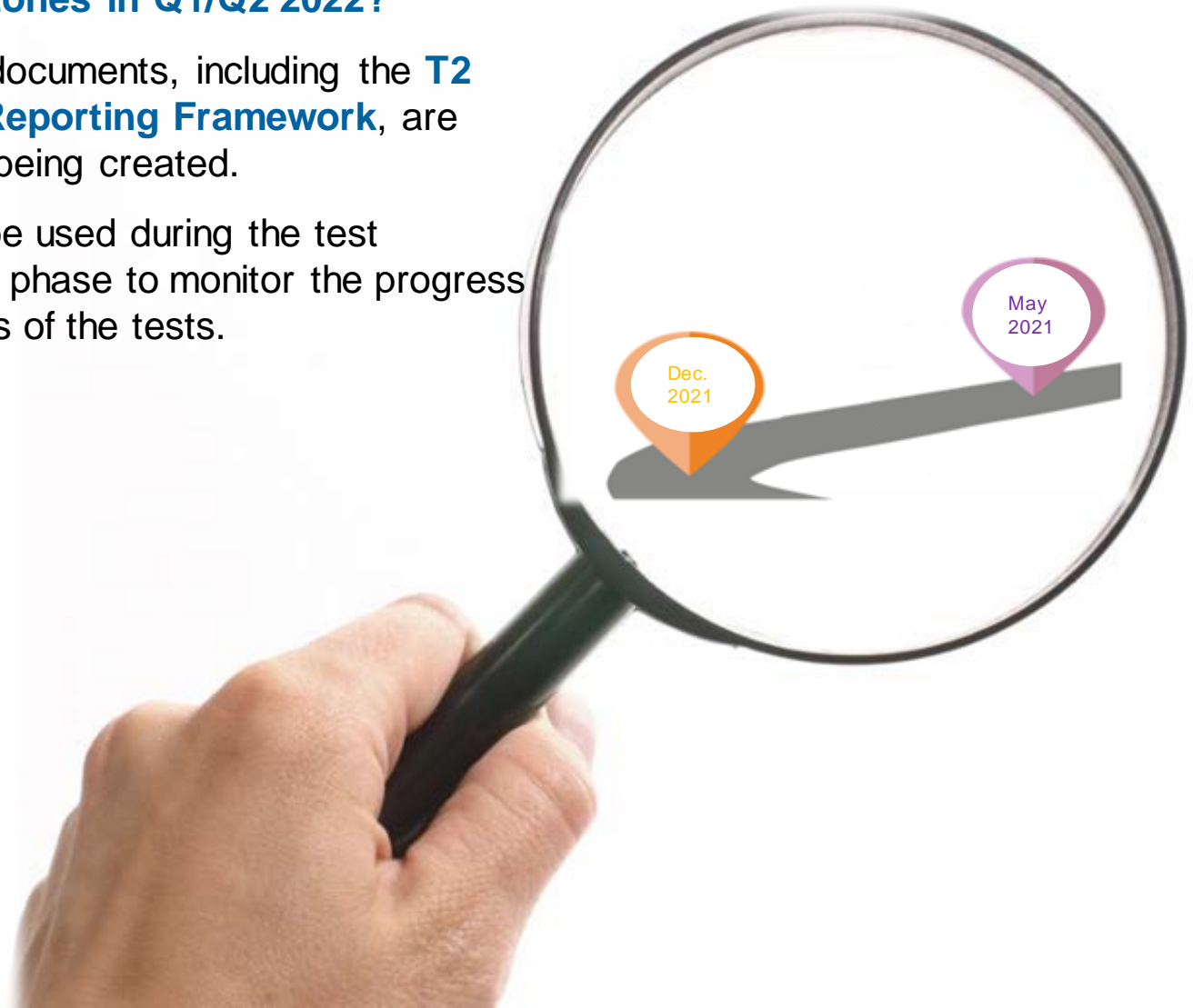


Looking ahead together

Community Readiness Monitoring – what's new?

No further milestones in Q1/Q2 2022?

- The test documents, including the **T2 Testing Reporting Framework**, are currently being created.
- This will be used during the test execution phase to monitor the progress and status of the tests.



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We are at your side: preparation of the participants




Training and information offers related to project progress

→ Kick-off event in spring 2020, virtual trainings in autumn 2020, further offers in planning



All current information regarding the project:

<https://www.bundesbank.de/consolidation>



Your customer service team will be happy to give you individual advice.

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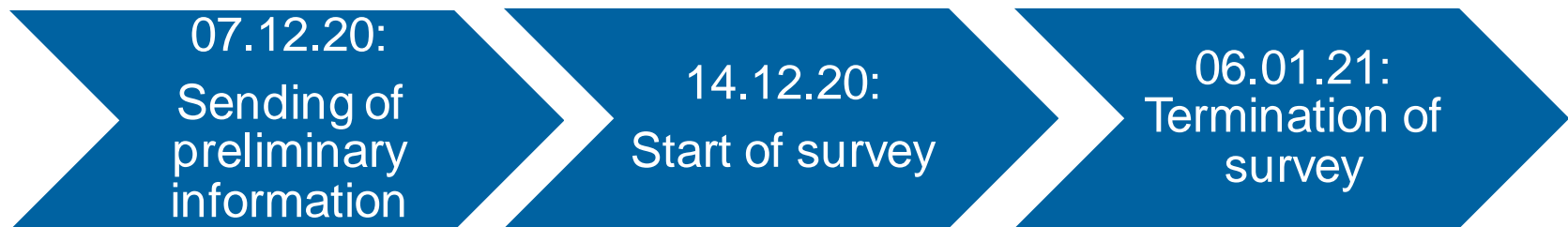
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What are the next steps?

- **End of Q4/2020:** Query of all old milestones that have not yet been met, as well as query of expectations for the upcoming milestones (→ IAD7, NSP3, IAD6).



- **End of Q1/2021:** Query of new milestones.

Looking ahead together

Thank you for your participation

Contact your responsible customer service team

