European Central Bank
EUROSYSTEM

DG Market Infrastructure and Payments   **ECB-RESTRICTED**

23 March 2019

PMG Meeting

24 January 2019 (09:00-17:00)

Meeting room MB C2.03

With light buffet on the Balcony 2nd floor at 12:30

WebEx: Connected

DRAFT OUTCOME

European Central Bank | Sonnemannstrasse 20 | 60314 Frankfurt am Main | Germany
WiFi credentials: *Network: ECB-guest |* username: GUEST-0318 | password: M$xu8K5b

1. APPROVAL OF THE AGENDA AND INTRODUCTORY REMARKS

The participants will be invited to agree on the present agenda.

The participants agreed to the proposed agenda.

2. OUTCOME OF THE PREVIOUS MEETING AND ACTION POINTS

The participants will be invited to approve the outcome of the previous meeting and to go through the list of Action Points.

Background documentation

- Outcome of the 05 December 2018 PMG
- List of Action Points

The participants approved the outcomes of the PMG on 05 Dec 2018 and agreed to publish the outcome.

The participants were informed that all open Action points are covered on the agenda and the status of each Action point will be discussed under the respective agenda item.

3.   UPDATE ON CRG ACTIVITIES

The Eurosystem will provide an update on the CRG activities.

Background documentation

- Summary outcome of the CRG meeting on 23 Jan 2019 *(table document)*

The participants took note of the information provided.

For CR-541 (Bulk-release functionality (U2A) for settlement instructions), it was confirmed that the CRG will reassess the ranking and that, in between, no detailed assessment should be conducted. Also, for CR-668, further work is required within the CRG before launching a detailed assessment.

It was also confirmed that CR-671 has a regulatory nature: while a number of CSDs have agreed on workarounds with their National Competent Authorities, for other CSDs, this CR is critical in order to comply with their regulatory obligations. It was agreed that this element should be considered during the scoping of future releases.

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4.   T2S RELEASES AND MIGRATIONS PLANNING AND MONITORING

4.1   Status update on release management

The participants will be invited to discuss the issues/status/risks and to monitor the implementation of the various response plans. The participants will be invited to discuss the status of the releases and related documents.

Background documentation:

- T2S Release Management status overview - Annexes - Issues and risks – 2018 Q4
- T2S Summary Plan, T2S Release & Migration Calendar
- PMG information on release status

The participants were informed about the changes in the *T2S Release Management status overview - Annexes - Issues and risks – 2018 Q4 document*. In addition, the participants suggested the Risk 64 for closure since it has materialised as an issue (cfr. Issue 24). In addition, it was agreed to raise a new risk on potential changes to the scope of the CR-654 for the CSDR penalty mechanism. The draft version of the new risk will be sent for a PMG written procedure shortly after the PMG meeting.

The participants were informed that the *T2S Summary Plan, T2S Release & Migration Calendar* was updated based on the feedback received in the PMG meeting on 05 Dec 2018. The participants had no further comments on the document and therefore, **AP-3654** was confirmed to be closed.

The participants took note of the current release status. The details about the release specific discussion can be found below under each release section.

4.2 Release 2.3

The participants will be invited to discuss the updates to the documentation supporting this release.

<u>Background documentation:</u>

- Service Transition Plan (STP) for release 2.3
- TIPS tickets having category "CRDM back-end" (oral update)

The participants discussed the Release Defect PBI-204201 (link to the production problem PBI-203750 with a related release defect PBI-203750) which was detected on UTEST one day prior to the meeting. The proposed deployment path for the fix for the release defect to EAC and UTEST would have been on 01/02/2019 (in an ad-hoc Package 5) meaning, after the PMG recommendation and the OMG Go/No-Go on 31/01/2019. Due to the risk of not having the test results early enough, the PMG agreed not to deploy the Release Defect PBI-204201 with R 2.3 and to de-scope the original production problem PBI-203750; consequently the PBI-203750 will be demoted from the test environments together with the related release defect PBI-204032. See below for the allocation to a new release.

The participants were informed about the 2 TIPS PBIs impacting CRDM as a common component that are proposed for deployment at the same time as R 2.3. The Eurosystem confirmed that there is not impact T2S. On this basis the participants did not raise any concerns and took note of this deployment.

The participants agreed to update the STP accordingly.

4.3 Release 3.0

The participants will be invited to discuss the updates to the documentation supporting this release.

<u>Background documentation:</u>

- Service Transition Plan (STP) for release 3.0

The participants were informed that the CRG is expected to review some changes on CR-646 in the coming weeks. The changes, currently under review by members of the Data Access Task Force, relate to the templates of the pre-formatted operational reports to be produced by T2S. The PMG will be kept informed about these changes, if confirmed.

The participants proposed to scope PBI-203750 (including the fixes for the two related Release Defect PBI-204032 and PBI-204201) in Release 3.0 Package 4 (EAC 08/03/2019 and UTEST 22/03/2019). A short PMG written procedure would be organised to confirm this proposal.

The participants agreed to update the STP accordingly.

4.4 Release 3.1

The participants will be invited to discuss the updates to the documentation supporting this release.

Background documentation:

- Service Transition Plan (STP) for release 3.1

> The participants took note of the information provided and approved the Service Transition Plan for Release 3.1 (v0.2).

4.5 Release 3.2

The participants will be invited to discuss the updates to the documentation supporting this release.

Background documentation:

- Service Transition Plan (STP) for release 3.2
- Volume testing for CR-613

> The participants discussed the proposal of organising volume testing for CR-613 and it was agreed that the testing results of the volume test in UTEST on September 2019 should be properly reported to the PMG prior to the PMG meeting on 09 October 2019 (**AP-3710**). Also, the PMG agreed not to conduct volume testing during the NTS and that the outcome of the non-functional testing performed by the 4CB would suffice. Finally, to the question of the contingency in case volume tests are not successful, it was confirmed that not activating the bundling option would be an acceptable workaround and this should be also documented in the STP. On this basis, the participants agreed to close the **AP-3599**.
>
> In addition, the participants also discussed the TIPS CR-0002 (Mobile Proxy Lookup). The details about the discussion can be found under agenda item *4.9 - CR & PBI impacting common modules and not raised by the T2S community*.
>
> The participants agreed to update the Service Transition Plan for R 3.2 based on the discussion. Also, it was agreed to change the status of R 3.2 to "green" in release status table since the concerns regarding the complexity of the release and the risk of high volumes have beenmitigated.

4.6 Release 4.1 and 4.2

The participants will be invited to discuss the updates to the results of the detailed assessment for CRs proposed for R4.2, and their impact on R4.1.

Background documentation:

- Service Transition Plan for R 4.2
- Results of detailed assessment for CR-654 (Penalty Mechanism) and for CR-685 (Penalty Mechanism for non-T2S business flows)

The topic was discussed together with agenda item *4.8 – Release scoping*. The participants were invited to discuss the results of the detailed assessment for CR-654 (Penalty Mechanism) and for CR-685 (Penalty Mechanism for non-T2S business flows). The PMG agreed to the proposal to allocate CR-654 to R 4.2. Regarding CR-685, Clearstream informed the participants that they will not use this CR. On this basis the PMG suggested, as working assumption, to exclude the CR-685 from the scope of R4.2. This working assumption is expected to be confirmed by the CSG during its meeting early February.

In addition, and in order to allow more testing time for CR-654, the PMG agreed to recommend cancelling the Release 4.1. It was also acknowledged that this would increase the likelihood of hot fixes after Release 4.0 (in case a production problem cannot wait until R4.2).

The PMG agreed to update the Service Transition Plan for R 4.2 based on the discussion.

4.7 User Testing and Migration activities

The participants involved in a coming migration or take over will be invited to share with the PMG the progress made so far. The Eurosystem will provide an update on the User Testing activities and the on-going migration activities.

Background documentation:
- Status update on User Testing and Migration activities *(oral update)*
- End of testing milestones

The participants were orally informed about the successful handover of all legal obligations of VP Lux to VP securities.

The participants discussed the proposal of changing the *STSR format and the reporting timelines*. The PMG agreed to the:

- proposed timing, adding an obligation to report to the PMG for the last 2 Fridays prior to the delivery of the STSR on the deviations (i.e. statuses Not Executed, Not Started, On-going).
- the planning statuses (Planned/Not Planned) will be documented in the STP, while the testing statuses (Not Started, On-going, Successful, Not successful, Not Executed) will be reported in the STSR.
- implement the proposed changes from the start of R3.0 testing.
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- regarding the reporting in the STSR of late packages test results, when the number of business days between a package deployment in EAC and the go/no go decision is less than 8 business days, a complete reporting on the testing of the content of this package cannot be expected for the PMG recommendation and OMG go/no-go meeting may not be feasible.

All the changes will be reflected in the STPs of R 3.0, R 3.2, R 4.2 and in the future STPs.
On this basis the PMG agreed to close **AP-3653.**

4.8 Release scoping

Based on the information provided, the participants will be invited to discuss about the allocation of new CRs and PBIs to a release, thereby initiating the Feasibility Assessment / detailed assessments.

Background documentation:

- Ranked list of Change Requests (see ECB website)
- CR Capacity consumption as of 15 January 2019 and Release 4.0 scoping

The participants discussed the CR implementation capacity consumption update and the proposal for the R 4.0 scoping.

Since it was assumed that T2S-685-SYS would not be included in R 4.2, the PMG proposed to go for Option 2, i.e. to include T2S-677-SYS, T2S-658-SYS, T2S-671-SYS and T2S-688-SYS in R 4.0. The PMG asked 4CB to start the detailed assessment for T2S-677-SYS, T2S-658-SYS and T2S-671-SYS. The initiation of the detailed assessment for T2S-0668-SYS will be discussed during the PMG meeting on 21 March 2019 and confirmed mid-April 2019, once the CR detailed assessments of CR-0677, CR-0658 and CR-0671 and an accordingly updated CR implementation capacity consumption are available. (**AP-3709**)

It was also discussed in the PMG meeting, as anticipation for the upcoming meeting on 21 March 2019, that CR-689 might be a candidate for R 4.0 considering the remaining capacity after already scoped CRs and subject to the approval of the preliminary in CRG meeting on 20 March 2019. If CR-668 and CR-689 are not allocated to R 4.0, other CRs impacting Settlement domain could be considered in order to use the capacity efficiently.

On this basis, the PMG agreed to close **AP-3632**.

4.9 CR & PBI impacting common modules and not raised by the T2S community

The participants will be invited to discuss about the CRs and PBIs that are not raised by the T2S community but still require its involvement.

A high level proposal for a process will be discussed under the agenda point 6. update of the T2S Operational Governance Process Framework

Background documentation:

- Note about the TIPS CR-0002 (Mobile Proxy Lookup)
- Presentation about TIPS CR-0002 (table document)

The participants were informed about the TIPS CR-0002 (Mobile Proxy Lookup) which is impacting a common component (Common Reference Data Management) and which is considered for deployment together with T2S R 3.2 in November 2019. The participants were informed that the CRG discussed the functional impact of this CR on T2S. In that context, it was clarified that the Central banks who are also using TIPS may see additional data in the existing fields of the T2S GUI. This functional impact was deemed acceptable by the CRG. However, this will require updating the scope defining documents.

With this background, the PMG did not raise any objections.

5. UPDATE ON OTHER GROUPS ACTIVITIES

5.1   Information Security Sub-Group – ISSG
The Eurosystem will provide an update on the ISSG activities.

Background documentation:

- Update on the ISSG activities

The participants took note of the information provided.

5.2   Operational Management Group – OMG
The Eurosystem will provide an update on the OMG activities.

Background documentation:

- Update on the OMG activities

The participants took note of the information provided.

6. UPDATE OF THE T2S OPERATIONAL GOVERNANCE PROCESS FRAMEWORK

The participants will be invited to discuss the progress made in the update of the T2S Operational Governance Process Framework.

Background documentation:

- Presentation of the governance principles for managing CRs considering common components
- Plan for the update process

Regarding the governance principles for managing CRs that have an impact on common components, the presentation was shared for information. The participants were informed that, following a discussion during its December meeting, the CSG mandated the PMG to review and propose amendments to the T2S Operational Governance. Also, the PMG should assess the extent to which changes to the T2S Framework Agreement are necessary.

In this respect, the PMG agreed to organise ad-hoc workshops (3 x 2 days) with the objective of delivering a proposal by the CSG meeting in June 2019. Leveraging on the approach followed by the RMSG previously, these workshop should be organised in a smaller composition and OMG and CRG representation should be ensured. A PMG written procedure will be organised.

Some PMG representatives highlighted that future work on the T2S Operational Governance must not impact the concept of 2 releases a year (major and minor) + 2 PBI only releases for T2S according to the agreed schedule.

Also, it was clarified that a proper inventory of common components is necessary.

7. SUMMARY OF DISCUSSION

The Eurosystem will provide a summary update of the conclusions following the discussion of the above listed items including the Risks and issues.

The Rapporteur recalled the status/risk related conclusions from the discussion as documented under agenda item 3.

8. ANY OTHER BUSINESS

8.1 Timing of PMG meeting and calls
The PMG will discuss its coming planned activities.

Background documentation:

- T2S Meeting calendar

The participants agreed with the updated meeting arrangements for 2019.