

Review of the T2S harmonisation monitoring framework

*AMI-SeCo meeting 20 March 2018, Frankfurt
item 4.3*



- With T2S migration completed in September 2017 the T2S community entered a new phase
- On most standards an overall blue status has been achieved
- New harmonisation initiatives / activities are on the horizon



The HSG / AMI-SeCo agreed in 2017 October / December to review the T2S harmonisation framework with high-level guidance on some key elements

Compliance status per T2S market (as at 20/12/2017)

T2S markets	Priority 1																Priority 2	
	1 T2S messages ISO 20022	2 T2S matching fields	3 Interaction with T2S (regis- tration)	4 Interaction with T2S (tax procedure)	5 Schedule for the settlement day	6 T2S CA standards	7 T2S settlement finality I	8 T2S settlement finality II	9 T2S settlement finality III	10 Outsourcing IT (settlement) services	12 Settlement cycle	13 Availability of omnibus accounts	14 Restrictions on omnibus accounts	15 Securities account number	16 Cash account number	18 CA market standards (CAJWG)	23 Securities amount data	
AT	B	B	B	B	Blank	R-?	B	B	B	B	B	B	B	B	B	G	B	
BE Euroclear	B	B	B	B	Blank	R-Mar 2018	B	B	B	B	B	B	B	B	B	G	B	
BE – NBB-SSS	B	B	B	B	Blank	B	B	B	B	B	B	B	B	B	B	G	B	
CH	B	B	B	B	Blank	B	B	B	B	B	B	B	B	B	N/A	G	B	
DE	B	B	B	B	Blank	R-?	B	B	B	B	B	B	B	B	B	R-No info	B	
DK	B	B	B	B	Blank	R-?	B	B	B	B	B	B	B	B	B	G	B	
EE	B	B	B	B	Blank	B	B	B	B	B	B	B	B	B	B	G	B	
ES	B	R-?	B	B	Blank	B	B	B	B	B	B	B	B	B	B	G	B	
FI	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	
FR	B	B	B	B	Blank	R-Mar 2018	B	B	B	B	B	B	R-?	B	B	G	R	
GR – BOGS	B	B	B	B	Blank	B	B	B	B	B	B	B	B	B	B	B	B	
HU	N/A	R-?	B	B	Blank	R-?	B	B	B	B	B	B	B	B	N/A	R	B	
IT	B	B	B	B	Blank	B	B	B	B	B	B	B	B	B	B	G	B	
LT	B	B	B	B	Blank	B	B	B	B	B	B	B	B	B	B	G	B	
LU – LUX CSD	B	B	B	B	Blank	R-Mar 2018	B	B	B	B	B	B	B	B	B	G	B	
LU – VP LUX	B	B	B	B	Blank	B	B	B	B	B	B	B	B	B	B	G	B	
LV	B	B	B	B	Blank	B	B	B	B	B	B	B	B	B	B	G	B	
MT	B	B	B	B	Blank	B	B	B	B	B	B	B	B	B	B	G	B	
NL	B	B	B	B	Blank	R-Mar 2018	B	B	B	B	B	B	B	B	B	G	B	
PT	B	B	B	B	Blank	B	B	B	B	B	B	B	B	B	B	R-No info	B	
RO	B	B	B	B	Blank	B	B	B	B	B	B	B	B	B	B	G	B	
SI	B	B	B	B	Blank	B	B	B	B	B	B	B	B	B	B	B	B	
SK (CDCP)	B	R-?	B	B	Blank	R-Mar 2018	B	B	B	B	B	B	B	B	B	R-No info	B	



- Most standards practically fully blue except for corporate actions
- Assuming no “turning back” on compliance statuses no significant resources needed for monitoring compliance with the vast majority of existing T2S harmonisation standards
- There seems to be no need for dramatic change (existing framework proved to be an efficient tool)
- However, new harmonisation activities may emerge related to:
 - practical experience with the use of T2S (now by all markets)
 - EC follow-up on CMU / EPTF consultation
 - Collateral management harmonisation

At this juncture future activities may be grouped in three categories:

1. the current priority 1 list of harmonisation activities closely related to settlement in T2S
2. the current priority 2 list of harmonisation activities which pertain to a broader post trade harmonisation agenda related to securities settlement
3. the collateral management harmonisation activities started by the AMI-SeCo in June 2017

There are clearly dependencies related to CMH activities, the follow-up work by the EC on EPTF and also to the discussion on potential synergies on CA monitoring

Proposal 1:

The current list of T2S harmonisation activities should be preserved and continue to be presented in future AMI-SeCo reports. Current 'Priority 1' activities should be labelled '**Core T2S settlement harmonisation**' while current 'Priority 2' activities should be labelled '**Harmonisation of post-trade environment of securities settlement**'. The framework and the presentation of the two groups should not suggest any difference in importance between these groups of standards. The above is without prejudice to the labelling and grouping of collateral management activities since the latter will be defined in the second half of 2018.



Proposal 2:

Traffic lights will continue to be used for monitoring of progress on definition, monitoring and compliance.

For standards in the group 'Core T2S settlement harmonisation'

- in case of already migrated markets only blue (fully compliant) or red (not compliant) statuses will be used for assessment of compliance. Red statuses will indicate if a plan exists to ensure full compliance showing the targeted date by the respective T2S market.
- in case of new markets / CSDs migrating to T2S the four-colour traffic light scheme will continue to be used to assess their pre-migration harmonisation status and progress.

For standards in the group 'Harmonisation of post-trade environment of securities settlement' the four-colour traffic light scheme will be applied.



Proposal 3:

Harmonisation progress reports will be published once a year in principle at the end of the calendar year (drafts to be submitted to last AMI-SeCo meeting of the year). NSGs with existing non-compliant statuses will be invited to update their assessments and provide further information before each HSG/AMI-SeCo meeting. Post-migration impact assessments of new-joiners will be reported in the AMI-SeCo meeting following their migration date and covered in the annual harmonisation progress reports.

Proposal 4:

The methodology of non-compliance impact assessments for 'Core T2S settlement harmonisation' standards (current Priority 1) will be preserved. Non-compliance impact assessments will be published as part of the annual harmonisation progress reports.

The HSG will analyse the possibility to extend impact assessments of non-compliance for standards in the current Priority 2 (to be renamed 'Harmonisation of post-trade environment of securities settlement') group.

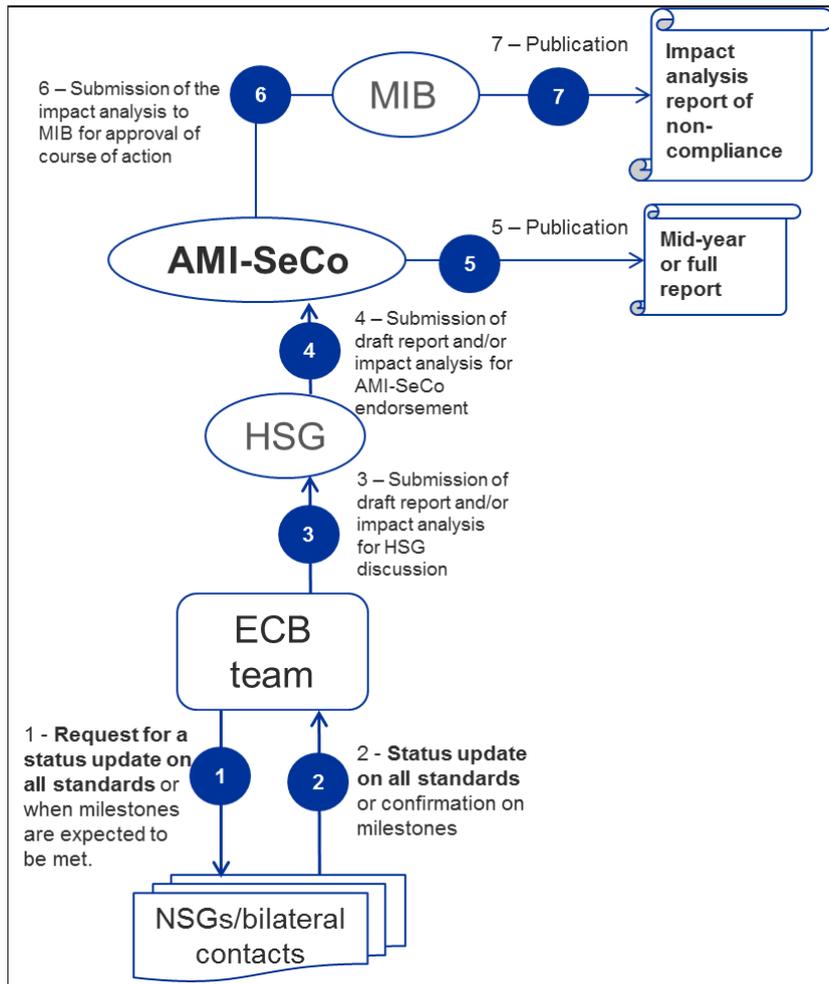
Proposal 5:

The annual harmonisation progress reports will be streamlined with a focus on non-compliance cases, the related issues, impact assessments and the plans for resolving non-compliance. For methodological notes and detailed description of the standards the reader would be referred to previous harmonisation progress reports and the ECB website. The report is expected to cover also additional post trade harmonisation activities that are or may be pursued by the AMI-SeCo in the future (in particular in the collateral management harmonisation domain).

- To sum up:
 - flexible approach by streamlining and (re)focusing on non-compliance cases and new activities
 - ‘reactive monitoring’ on already fully compliant markets and standards
- Subject to AMI-SeCo endorsement of the above proposals the final decision on the new framework to be made in H2 2018
- ‘Milestone’ report to be prepared in second half of 2018 – looking back and presenting the new approach

AMI-SeCo is invited to discuss and endorse the proposals

1. Harmonisation monitoring in T2S migration phase



2. Harmonisation monitoring after T2S migration completed

