



ECB DG-MIP T2-T2S Consolidation

## Changes on T2S and TIPS due to T2-T2S Consolidation

TARGET Consolidation Contact Group 7<sup>th</sup> Meeting on 9 October 2018



1	Background
2	Impact on live systems (TIPS and T2S)
3	Necessary CRs for TIPS
4	Optional CRs for TIPS
5	Necessary CRs for T2S
6	Optional CRs for T2S
7	Next steps

# Situation after the start of TIPS *(if no T2-T2S Consolidation)*









## Situation after the T2-T2S Consolidation

# target





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#### **Types of changes**



The T2-T2S Consolidation project will require some changes on T2S and TIPS. Other changes might be requested by the TIPS/T2S communities

#### Necessary Change Requests (CRs)

TIPS/T2S changes which are pre-requisites for fulfilling the T2-T2S Consolidation project. These CRs, which will be raised by the Eurosystem, will be financed by the T2-T2S Consolidation project, for example:

Adaptation of T2S to Common Reference Data Management (Necessary)

#### Optional Change Requests

TIPS/T2S changes which are not pre-requisites for fulfilling the T2-T2S Consolidation requirements and scope. These CRs will be typically raised by the TIPS/T2S stakeholders in order to maximise benefits from synergies and optimisation stemming from the new TARGET Services. These optional CRs will be financed within the TIPS/T2S governance, for example:

End-of-Day Cash sweep (17:45) becomes optional for T2S (**Optional**)

# First necessary T2S Change Request already target

 In view of the T2-T2S Consolidation project, the first T2S CR was implemented in T2S in June 2018 (R2.0) as it was required before the TIPS go-live:

**T2S-0674-SYS** (Common Reference Data Management for TIPS)

- The aim of T2S-0674-SYS was to introduce an early stage of the Common Reference Data Management (CRDM) common component envisaged to go live fully with the T2-T2S Consolidation in 2021
- This stage of CRDM was dedicated to the new Eurosystem service TIPS and required enhancements of the T2S Static Data Management as users of both T2S and TIPS (e.g. Central Banks and Payment Banks) would have visibility of their shared data



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## **Technical aspects**



#### Adaptation to CLM (Necessary)

CLM component will replace the	Change in TIPS context
oayments module (PM)	As TIPS relies on triggers sent by TARGET2 (e.g. camt.019) to execute some internal processes and on liquidity management services offered by TARGET2 to inject/repatriate liquidity, some adaptations on TIPS may be required when CSLD will go live





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#### Liquidity Transfer Across Services (Optional)

#### **T2-T2S Consolidation**

- Direct liquidity transfers between CLM MCA and TIPS DCA will be possible with the T2-T2S Consolidation

- Direct liquidity transfers between TIPS DCAs and RTGS DCAs or T2S DCAs might be required by the cash community in addition

#### Change in TIPS context

While the first point shall be covered by a necessary CR (see previous slide concerning Adaptation to CLM), the second point would require a further optional CR in TIPS





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## **Static Data Management**



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#### Adaptation to Common Reference Data Mgmt (Necessary)

#### **T2-T2S Consolidation**

- Common Reference Data Management (CRDM) covers the common processes for the management of reference data required for the configuration and operation of all services

- HVPS+ compliant CSLD BAH will be used by CRDM, BAH schema to be aligned with T2S BAH by means of HVPS+ CR and T2S CR (next ISO MR) to achieve T2S BAH as subset of CSLD BAH

- In response to T2S users, CRDM will send T2S BAH compliant responses to T2S customers

- This includes the *creation*, *amendment* and *deletion* of all reference data entities as well as the propagation of all changes to all services impacted by the change

#### Change in the T2S context

 T2S Static Data Management and its Interface will be replaced by the CRDM.

- Alignment of schemas will allow the use and successful validation of T2S BAH in CRDM – all other T2S functionality will further use T2S BAH; nevertheless, protection against possible blocking situations caused by messages from T2S users which are not T2S BAH-compliant has to be put in place, if need be

- T2S Party object will be enhanced with additional attributes

- T2S DCA will be linked to a MCA, also for billing purposes



## **T2S Operational Day**



Business Day Management common component (Necessary)

## **T2-T2S Consolidation Change in the T2S context** A common Business Day Management (BDM) component T2S Scheduling functionality will will allow managing the be provided by the Business Day calendars and the operating Management avoiding impact on days of the different services T<sub>2</sub>S and components

## **Technical aspects**



#### Adaptation to harmonised Messages (Necessary)

T2-T2S Consolidation	
Messages relevant in the	Change in the T2S context
context of more than one service/component (e.g. Liquidity Credit Transfer camt.050) should be used in a consistent way	Messages and documentation currently in use by T2S might have to be enriched or slightly updated



## **Technical aspects**



#### Billing for all services (Necessary)

A centralised data repository will	Change in the T2S context
collect all billable events from all services/components as well as billable information (e.g. participation)	<ul> <li>The T2S Billing module shall be decommissioned and replaced by the T2-T2S Consolidation Billing</li> <li>Billing process for CSDs on ECB side should not be changed</li> </ul>



## **Technical aspects**



#### ESMIG (Necessary)

T2-T2S Consolidation	
ESMIG will be the common entry	Change in the T2S context
with the Eurosystem Market	- T2S will make use of the ESMIG for communication purposes
	- ESMIG features are largely aligned to the current T2S connectivity
	- Analysis ongoing whether with the migration of T2S to ESMIG, a further alignment of messages might become necessary



## **Technical aspects**



Internal communication between services (Necessary)

T2-T2S Consolidation	
An internal communication	Change in the T2S context
between services is required	T2S will have to support a new internal communication channel between services



## **Technical aspects**



Changes to Legal Archiving and Long-term Statistical Information Module (**Necessary**)

T2-T2S Consolidation		$\mathbb{N}$
The Data Warehouse provides data for historical, statistical and	Change in the T2S context	
regulatory reporting	Long-term Statistical Module shall be decommissioned and will be replaced by the T2-T2S Consolidation Data Warehouse. Also Legal Archiving will be replaced by a common component. The T2S functionalities should remain	
	unchanged	





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## **T2S Operational Day**



Maintenance window shifted to 00:30-02:30 (Optional)

T2-T2S Consolidation	
The point in time at which the	Change in the T2S context
haintenance window occurs is ligned for all services The maintenance window tarts at 00:30 and ends at 2:30	The T2S maintenance window could be brought forward from 03:00-05:00 to 00:30-02:30

## **T2S Operational Day**

target

End-of-Day Cash sweep (17:45) becomes optional (Optional)

#### **T2-T2S Consolidation** Change in the T2S context - The minimum reserve calculation process takes a - The automated cash sweep snapshot of the relevant RTGS from T2S DCA at 17:45 could and T2S DCA balances become an optional cash sweep allowing the EOD balance of a - EOD cash sweep is no longer T2S DCA be different from zero necessary and cash may remain on T2S DCA at EOD - In such a case T2S should produce a general ledger file for - Participants can still configure each active DCA during the EOD a transfer of the remaining phase liquidity at the EOD



#### Automated Liquidity Transfers from/to T2S DCA (Optional)

- The Central Liquidity	Change in the T2S context
Management of T2 optimises the efficient usage of liquidity for the different services and the transfers between them - The participant can re-locate liquidity either manually (based on immediate liquidity transfer orders) or automatically (based on standing orders or rule-based orders)	<ul> <li>Automatically triggered liquidity transfer orders based on pre-defined events (e.g. floor/ceiling) could be introduced for T2S DCAs</li> <li>Additional triggers (e.g. lack of cash) could be considered</li> </ul>





#### Liquidity Transfer Group (Optional)

#### **T2-T2S Consolidation**

- Liquidity Transfer Group is a group of Cash Accounts within one service/component between which intra-service liquidity transfer orders (LT) are allowed

- Cash Accounts within a Liquidity Transfer Group may be owned by different Parties (banks), and these banks may be associated with more than one Central Bank

#### Change in the T2S context

- The concept of Liquidity Transfer Group could be introduced in T2S in the context of T2S DCAs

- The existing rules that only allowed LTs between accounts of the same Party and between the accounts linked to the same RTGS might need to be amended





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#### Liquidity Transfer Across Services (Optional)

T2-T2S Consolidation	
Direct liquidity transfers from	Change in the T2S context
e.g. RTGS DCAs to T2S DCAs shall be possible (in addition to transfers between Main Cash Account and T2S DCA)	Direct Liquidity Transfers from T2S DCAs to e.g. RTGS DCAs could be allowed in addition to transfers to the Main Cash Account





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## TIPS/T2S changes related to T2-T2S Consolidation



- Necessary Change Requests
  - for T2S will be drafted by the 4CB at the end of 2018/beginning of 2019
  - for TIPS will be drafted by the 4CB in the second half of 2019 (i.e. after the end of T2-T2S Consolidation detailed specification phase)
- Optional Change Requests
  - The TIPS/T2S communities should analyse and decide whether they want to benefit from additional synergies and enhanced functionalities in TIPS/T2S and raise the optional CRs
  - The 4CB/ECB project team will draft the optional CRs if there is a request from the market in the first quarter of 2019 for T2S and in the second half of 2019 for TIPS
- The necessary and optional CRs will follow the T2S and TIPS governance arrangements and will have to be implemented before the T2-T2S Consolidation go-live

→ TCCG members are invited to express their initial views on their need of these optional CRs from a cash/treasury perspective



## Thank you for the attention!

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