

04 May 2017

Outcome

4th Task Force on Future RTGS Services

27 March 2017, from 10:30 until 17:00

held at the ECB, Sonnemannstraße 20, Frankfurt am Main, room C2.04

WiFi Credentials: user name GUEST-0117, password 4YHBMcyP

1. Introduction

The Chairperson will welcome the participants and open the meeting.

Outcome

The chairperson, Holger Thiemann, opened the meeting. The participants approved the agenda.

2. Main cornerstones for the future RTGS services

The project team will present the updated document on the high level business changes. The participants are invited to share their views on the document. Furthermore, the project team will present examples of CLM and RTGS interaction in case of liquidity shortage in one or another account.

Documents:

- *High Level Business Changes*
- *CLM and RTGS interactions – case study*

Outcome

The project team highlighted the main changes to the High Level Business Changes document since the previous version. Upon a question, the chairperson clarified that the functionality currently used as “co-management” will be achieved by adequate set up of account structure, access rights and message subscription. The participants mainly discussed the section 3.4.1 Reservations (to be renamed Sequence for drawing liquidity) and the supporting presentation on the interactions between the CLM and RTGS. The participants noted that

- *The automatic transfers of liquidity triggered from the DCAs to the MCA due to queued operations on the MCA shall be prescribed by the service and do not require any action from the users.*
- *The automated transfers of liquidity from the MCA to any of the DCAs can , on an optional basis, be pre-configured by the users and are based on specific triggers/events (e.g. floor/ceiling, queued payments on the DCA, at a specific time).*
- *If there is no sufficient liquidity on the debited account to execute the automatic/automated liquidity order in full, they can be performed partially; the uncovered part will expire. If a liquidity transfer is triggered due to insufficient liquidity on an MCA to settle a queued operation, the service shall check the DCAs of the party in TIPS or T2S in an order that shall be predefined and common for all users.*
- *The service shall give priority to operations on the MCA versus operations on the DCA. In addition, within the account, it shall give priority to the operation with higher priority.*
- *Any incoming operation or payment order in the MCA or in the RTGS DCA (optional and if preconfigured by the user) may trigger an automatic/automated liquidity transfer, if it is queued due to insufficient liquidity. Furthermore, the service shall activate a specific optimisation algorithm (express) in case the account is credited with cash from a payment and there are still queued payment orders on the same account.*
- *If a queued urgent payment order is requiring additional liquidity on the RTGS DCA, but the liquidity transfer from the MCA cannot provide sufficient liquidity, e.g. because it settles only partially, then the queued payment will not automatically trigger another attempt. The user may either (1) leave the payment order queued until new liquidity arrives on the RTGS DCA, (2) rely on another Urgent payment order which is sent later for the same RTGS DCA to trigger another liquidity transfer or (3) manually transfer liquidity to this RTGS DCA.*
- *In case an account reaches the predefined floor/ceiling amount, the service shall complement/deduct from the account by transferring the missing/excess amount vis-à-vis the defined target amount from/to the other predefined account.*
- *In case of a queued payment or pending reservation, the service shall complement the payment/reservation by transferring the missing amount for settling the payment/reservation.*
- *In addition to automated/automatic liquidity transfers that are defined by the users (i.e. parameter setting) or prescribed by the service, the participants can submit immediate*

liquidity transfers and modify the standing order amounts intraday and with immediate effect.

- *The project team shall illustrate in the next task force meeting how to address the participants' contradicting views of treating the liquidity arriving to the MCA from the increase of the credit line and from releasing the reservation for cash withdrawals. While some participants preferred that the service transfers the liquidity automatically from the MCA to the RTGS DCA; some other participants preferred that the liquidity is automatically put to a reservation for Urgent CB operations on the MCA, where the treasurer shall allocate it manually further.*
- *The central banks shall discuss whether it is required and, if yes, which CB operations settling on the MCA shall be treated as Urgent and which as Normal. Furthermore, whether the participants would need additional reservation types on the RTGS DCA, e.g. for reserving liquidity separately for systemically important (ancillary) systems and for other ancillary systems.*
- *During the realisation phase, it shall be specified how the service shall identify from the message which business purpose to apply to the underlying payment.*

*The participants were invited to review, by **31 March**, the Table 1: Predefined order of liquidity tapping in section 3.4.1 Reservations (agreed to be renamed as Sequence for drawing liquidity) and let the project team know if they would prefer to change the order of the reservation types which the system shall check for additional liquidity, if the liquidity is missing to settle a queued operation with a specific business purpose.*

3. Business Day

In the previous task force meeting, the participants discussed a number of aspects of the business day schedule. Based on this input, the project team prepared for comments a visualised business day schedule and the overview of the requirements. The participants are invited to confirm the identified requirements and the business day schedule.

Document:

- *Business Day*

Outcome

The participants took note of the visualised business day schedule and decided to extend the bar for Start of Day activities for HVP and AS services until 19:30. It was noted that the Eurosystem Single Market Infrastructure Gateway (ESMIG) will be available for the services that shall be reachable at a specific moment. The project team clarified that, although the HVP and

AS services may be settling on the same account, the HVP payments are queued for settlement from 19:30 until 03:00, while the AS transactions can be settled from 19:30 until 00:30, when the maintenance window starts, and continues from 02:30 onwards. Furthermore, the participants took note of that the liquidity transfers would be possible only between services that are in the same business day. While the start of End of Day must be at the same point in time in all services, the services may start their next business day at different times.

The participants discussed that, due to the fact that instant payments bring along new practices to the payment business, the added value of a cut-off for customer payments will be somewhat weaker. Nevertheless, the participants decided to keep the cut-off in the proposed business day schedule. In addition, as the new RTGS service shall remain flexible and available, the users of an ancillary system shall define with the ancillary system the framework for settling the AS transactions in the future RTGS (incl. the respective time window).

The project team informed the participants that they are analysing options with the service providers for supporting the liquidity transfers between the CLM and the AS (for ASI procedure 6 Real-time) and the TIPS during certain time slots on TARGET closing days (incl. weekends). The service provider highlighted that they may not be able to ensure such time slots on each and every TARGET closing day as some weekends are reserved for business continuity tests among all interconnected systems (incl. banks).

4. Debriefing of the ad-hoc WS on messages

The dedicated ad-hoc workshop on messages for the future RTGS services met on 14 February and 16 March in order to support the task force on identification of user requirements for the service interface domain. The project team will present the debriefing of the ad-hoc workshop.

Document:

- *Debriefing of the ad-hoc WS on messages*

Outcome

The project team debriefed the participants of the discussion in the ad-hoc WS on messages. The participants took note that the migration to ISO 20022 compliant messages in the future RTGS is in big-bang and it is not feasible to organise the migration in waves, as the service shall not support two versions of a message standard in parallel.

*In light of the planning of the project realisation phase, the project team invited the participants to indicate, by **31 March**, when would their institution be ready to migrate to ISO 20022 compliant messages (i.e. how much time would they need to plan for implementing the*

necessary changes), once the formats are defined and specified and knowing that the messages for all RTGS services will be changed at the same time.

5. Information and reporting

In the previous task force meeting, the participants identified requirements for the service interface domain. Following this discussion, the project team will present a proposal of requirements on reports and queries and how the users could access the historical information. Furthermore, the project team will ask the participants to review the list of information the users shall access via U2A, which form the input for the GUI requirements.

Documents:

- *Information and Reporting*
- *Information and reporting – Queries, Repots and Actions*

Outcome

The project team introduced the proposal for operational reporting and query facilities that shall be complemented with the non-operational information and reporting in the next task force meeting.

The participants discussed that the standard reports (i.e. predefined and automatically generated at certain time/event and pushed to participants A2A or stored in U2A for download) shall be kept in production until they are overwritten by the next same type of report. If required, the participants can re-create them at a later point of time based on the historical information in the data warehouse. Furthermore, the participants asked the project team to consider providing the standard reports with data that are necessary for banks to build their reporting toward regulators¹.

The participants asked for the possibility to download the U2A requested queries and reports in different formats that allow their further processing (e.g. spreadsheet, pdf). They acknowledge that there will be a limited number of lines on the screen view. In addition, the participants asked for the possibility to perform queries from the data warehouse based on the historical information across entities and services (subject to access rights) for statistical purposes.

The task force took note that the moment when the data of the previous day shall be accessible in data warehouse for analysis and reports may potentially be dependent on the EBA regulation which is currently under discussion.

¹ Monitoring tools for intraday liquidity management, issued by the Basel Committee on Banking Supervision in April 2013 (still to be officially implemented by the European Banking Authority). <http://www.bis.org/publ/bcbs248.htm>

*The project team asked the participants to review the spreadsheet with three tabs that present the operational queries, reports and actions and invited them to come back by **31 March** if some important ones are missing or if some are superfluous.*

6. Access rights concept

Based on the scope and features of different domains, the project team will present for participants' review and comments a general overview of the access rights concept.

Document:

- *Access rights concept*

Outcome

The project team presented the overview of the user access rights concept. The participants supported the approach of centrally predefined roles based on the specific working areas within a service (e.g. CLM, AS, RTGS, etc.) that are defined both for 2-eyes and for 4-eyes. Pursuant to the internal regulations and risk management, the participants can assign the respective roles to their users.

The participants supported the proposal of the user choosing, after having logged on to the GUI (i.e. single sign-on), its "work as" entity. In principle, the central bank users shall have the full overview of each of their customers' activities. The predefined roles shall support the users managing a group of banks (treasury function) to have a full overview of the overall payment capacity across all entities in this group (i.e. balances per participant and account; credit line per participant, if eligible; queued payments per participant and account; value of the securities in T2S eligible for auto-collateralisation per participant). It was mentioned that the service provider shall be granted access to "act on behalf" of all central banks.

In terms of U2A authentication, the participants asked the service provider to refrain from solutions that require the usage of devices that require physical connection to user's computer.

7. Multi-currency and PvP

The project team will present an analysis on introducing the multi-currency features to the future RTGS services and will invite the participants to confirm the approach for introducing the payment-versus-payment (PvP) functionality in this context.

Document:

- *Multi-currency and PvP*

Outcome

The project team presented the overview of data entities and checks that the service shall perform to support the settlement of multiple currencies. The participants took note that each currency may have its own closing days (i.e. one currency settling, while another not) as well as its own business day schedule with potentially different change of business day time (i.e. EOD/SOD). It is, however, a must that (1) for a single currency, the transfers among the services operate always in the same business day; and (2) the payment-versus-payment transactions between two currencies on the service are settling with the same business day.

The participants agreed that the PvP functionality could be defined as a future potential change and shall not be implemented with the initial version of the service.

8. Non-functional requirements

The project team will invite the participants to review the list of non-functional requirement items for the future RTGS services.

Document:

- *Non-functional requirements for Future RTGS Services*

Outcome

The project team introduced the list of non-functional requirement items and clarified the scope of some requirements. The participants took note that the future change and release management covering all Eurosystem market infrastructure services is currently under assessment.

9. End-to-end Business Process

The project team will present the status of drafting business processes.

Document:

- *Business Process Status*

Outcome

The project team presented the status of the business processes. Currently two sets of processes are provided to the participants for review (until 31 March and 13 April). The project team highlighted that the initial version of the consolidated URD will be provided for the next task force meeting. Subsequently, they kindly asked the participants to share their comments, potentially after review of each document, as early as possible before 13 April. This would allow the team to identify and prepare background documents on any aspects that shall be clarified or discussed during the next task force meeting on 24 April.

The participants invited the project team to introduce a glossary to the consolidated URD and align the terminology.

10. Any Other Business

Next task force meeting will take place on 24 April.

The draft URD shall be introduced to the AMI-Pay in their meeting on 03 May, followed by a market consultation between 08 May and 30 June.