NL ECMS Market Consultation Group

31st August 2023

DeNederlandscheBank

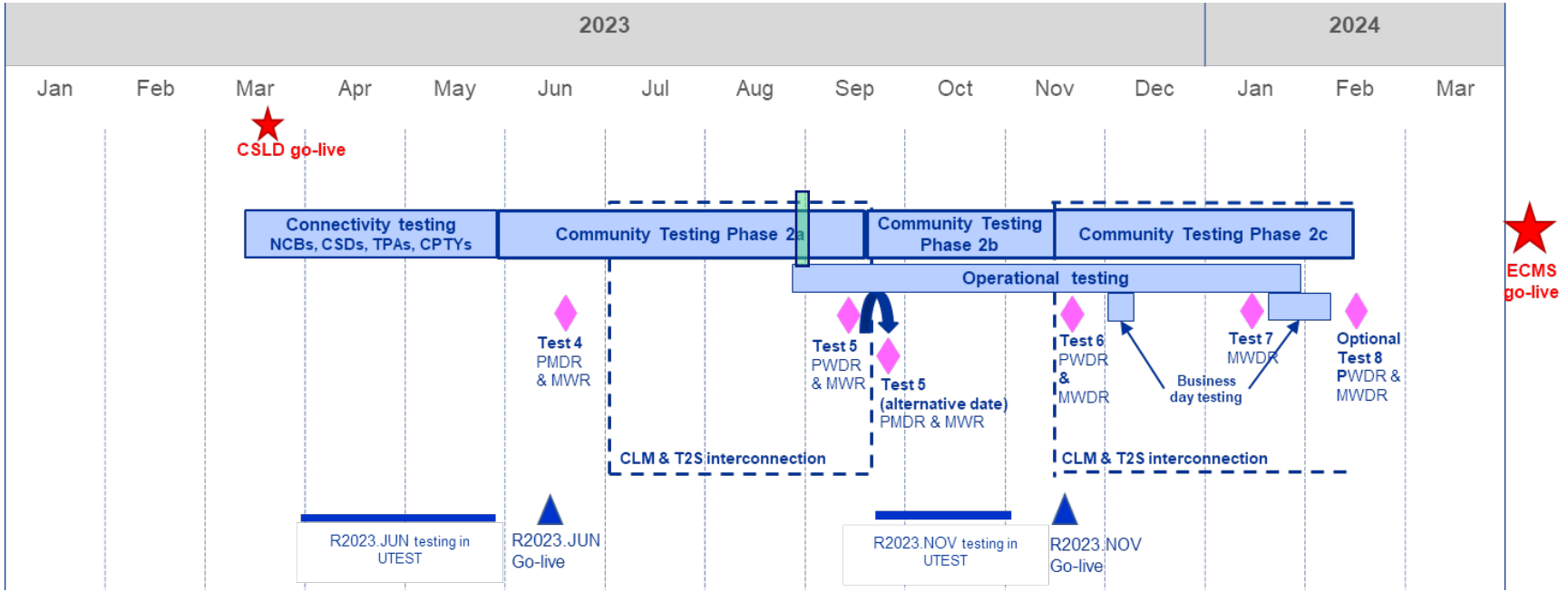
EUROSYSTEEM

Agenda

1. **Introduction**
2. **ECMS project planning and upcoming milestones**
3. **Euroclear test plan for CTP2c**
4. **Test activities by market participants – progress made**
5. **AOB**

ECMS project planning and upcoming milestones

ECMS project planning and upcoming milestones



ECMS PREPROD — Community/Business day and Operational testng

CLM & T2S interconnection

ECMS project planning and upcoming milestones

Upcoming milestones

1. Migration test 5: decision pending on timing (see alternative date)
2. Preparations for PROD:
   - Submit registration form to DNB (see mail 16/08) >>> Deadline 31 August!
   - Complete SWIFT e-ordering

ECMS project – status update

Marketable Assets

- Approximately half of the CPTYs have started testing the MA functionality (both domestic and cross border). Some issues were spotted during testing and reported to 4CB
- Overall, quite a few "settlement flows" are in place, not all external parties (CSD's, correspondent banks) are fully ready to test production-like (e.g. Euroclear Bank).
- In most cases, workarounds are in place, so these settlement flows can be tested.

Global Credit & Collateral Position

- Can be tested by CPTYs, DNB will share a manual / "one pager" soon.

Cash as collateral

- Testing has started and goes well. Many CPTYs have tested U2A successfully. A pre-test with a CPTY for A2A was a success as well and can be tested by all (applicable) CPTYs.
- 2 incidents were reported, but not blocking for testing

ECMS project – status update

Credit claims

- Delays in issue solving, only a small part of Credit Claims is available for testing by CPTYs.
- Testing in U2A mode (registration, (de)mobilisation) will probably be released soon by the ECB.
- Full scope (including A2A and ECAI credit rating) will not be available soon for CPTYs to test.

Open Market Operations (Tenders)

- Delays in issue solving, therefore delays in planning
- A "campaign" (end-to-end test with connected systems like E-Tender) was scheduled before the start of CTP2b, but will most likely be postponed.
- Detailed planning – TBD by ECB project team

Corporate actions

- Integration tests together with Euroclear NL and Euroclear Bank recently started
- No testing activities expected for CPTYs before start of CTP2C.

NL ECMS MCG: project planning and upcoming milestones

Organisation CTP2A

- User testing planning:
  - 10 July 2023 - 20 September 2023: testing of ECMS functionalities (via staggered approach)
  - Fortnightly publication of “ECMS User Testing Execution Testing Conditions” – overview functionalities available for testing
  - Latest version was published on the ECB-website on 25 August
- A2A Workshop:
  - Focus on A2A messages
  - Target audience: counterparties planning to connect to ECMS via A2A
  - Planned for 11 September – but to be confirmed
- Weekly Open Test calls:
  - Wednesdays 10.00-12.00 CET

Euroclear test plan for CTP2c

Euroclear Bank Participant Acceptance Testing (EB PAT) for ECMS related activities

When?

Start date : 27 Nov 2023 – end date : 16 Feb 2024. Our testing platform will remain open up until ECMS go-live

What?

- (de)mobilisations of collateral with DNB's accounts at T2S/EB (PSET = MGTCBE2SXXX) and at T2S/ENL (PSET = NECINL2AXXX)
- CCBM transactions with *National Bank of Belgium (NBB)* at T2S/EB (PSET = MGTCBE2SXXX) and *Banque de France* (BdF) at T2S/EF (PSET=SICVFRPPXXX)
- corporate actions on positions mobilised with DNB's account at T2S/EB (PSET = MGTCBE2SXXX)

Who?

- EB Participants mobilising collateral with DNB, NBB or BdF in ECMS
- EB Participants settling securities transactions in EB, on behalf of DNB counterpart(s)

How ?

- Impacted EB Participants will have to register via a dedicated form, prior to PAT opening
- Each registered EB Participant will be allocated 2 testing slots of 1 week each (1st slot for execution, 2nd to serve as buffer)
- Each registered EB Participant who successfully completes the testing will have to notify DNB
- Testing issues relating to ECMS (e.g., CLM update, GUI screens, etc.) → DNB's ECMS testing desk
- Testing issues relating to EB testing platform (e.g., settlement feedback, EasyWay access, etc.) → eb.testing@euroclear.com

Next Steps

- Publication of EB PAT guide & reg. form for ECMS related activities on our dedicated webpage(*) → by end Sept 2023
- Dedicated webinar → 2nd half of October 2023

(*) https://my.euroclear.com/eb/en/reference/eurosystem-ecms-and-score.html

Test activities by market participants – progress made

Connectivity test – progress made

Progress until 30 August 2023:

- U2A connectivity: 29 out of 30 participants
- A2A connectivity: 11 out of 14 participants

N.B.: unsuccessful A2A connectivity is caused by an ECMS-incident, it has been reported and we are awaiting final decisions on resolution.

ECMS connectivity guide (p. 24 onwards):

TARGET Services Connectivity Guide v2.2 - with revisions (europa.eu)

SWIFT U2A Setup Guide on the SWIFT-website:

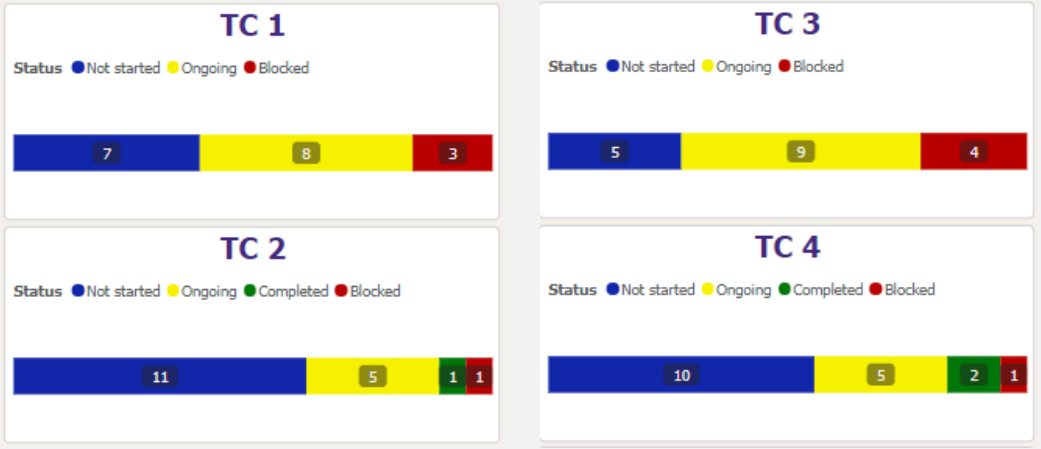
U2A Setup Guide - SWIFT's Solution for ESMIG - Step-by-Step

(among others, explanation of the PAC-file configuration on p.64)

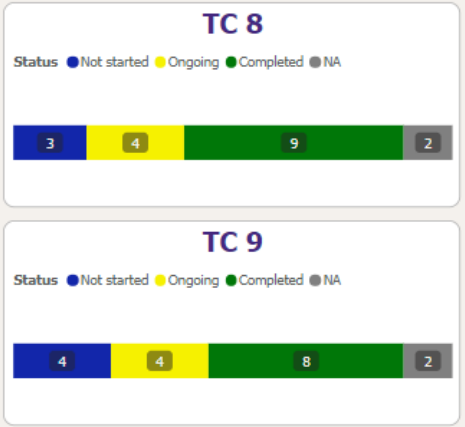
CTP2A progress: Dutch market

- Dutch market is slowly progressing in CTP2a
- Progress per Functionality (and fundamental test cases) based on progress reports:

Marketable Assets/MA



Cash as Collateral



CTP2A progress: Dutch market

Main takeaways of progress reports

- Connection with CSD / Correspondent bank not possible
    - Testing with Clearstream Luxembourg not possible
    - Testing with Euroclear Bank not possible
- Performance issues, e.g., loading circle
- Delays due to connection to ECMS or T2S
- Delays with user setup
- Delays due to holiday season

CTP2A progress: Eurosystem

Status as of 30 August 2023

- Since 18 August NCB reporting to ECB on counterparties' testing progress
- No consolidated Eurosystem overview available yet
- NCBs report a variety of results, comparable to the NL situation. Overall progress is (too) slow due to large number of incidents
- Inventory settlement possibilities by DNB ongoing >>> goal is to create more structure in testing activities and provide dedicated support with issues/incidents

NL ECMS MCG: ECMS - Professional use (europa.eu)

NL ECMS MCG: Presentations, newsletters and one pagers (dnb.nl)

Above link to DNB website: for presentations, newsletters, one pagers, message templates, etc. on ECMS.

Recently published documents:

- ECMS FAQ – version August 2023
- ECMS workshop on Settlement Possibilities MA & Cash as Collateral
- NL ECMS MCG meeting 31 July 2023 (published on 2 August)
- ECMS explanation on mobilisation and demobilisation in A2A (published on 28 July)

- Next meeting: September 28th, 2023

- AOB
- Opportunity for questions

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Questions & answers (related to EB test plan) (1/4)

Q1: Will the correspondents (of DNBs counterparts) be invited to the ECMS client testing webinar that EB will hold in mid-October ?

A1: Yes, they will be invited. All EB clients who are impacted by ECMS (either as a DNB counterpart or as a correspondent of a DNB counterpart) will be invited to the webinar.

Q2*:* Why has EB not opened yet its client testing window for ECMS activities and why will it only open it in the community test phase 2C?

A2: The opening of the EB client testing window can only take place once EB as T2S CSD (PSET = MGTCBE2SXXX) is activated. The activation of EB as T2S CSD will take place in mid-September 2023 (so a few days before T2S disconnects its test platform from ECMS's UTEST), hence our decision to open our client testing window at end of November 2023.

Questions & answers (related to EB test plan) (2/4)

Q3*:* Is the PSET BIC code the only element which changes in the settlement formats for (de)mobilising marketable assets with DNB in EB ?

A3: Actually, there are 2 changes that EB clients have to do in their input formats (SWIFT MT542s for mobilisations, MT540s for demobilisations) with DNB in EB :

1) The PSET BIC code must be MGTCBE2SXXX (as it identifies EB as T2S CSD)
AND

2) The NOMC flag (ISO field :22F::STCO//NOMC) must be present in the instruction, otherwise T2S will not be able to match the leg it receives from EB with the leg it receives from ECMS.

We do have a feature which will add the NOMC flag if we see that it is missing in your instruction and if the PSET BIC is MGTCBE2SXXX. However, we do recommend that you use the NOMC flag systematically as this safety net that we have in our system only applies for instructions with PSET = MGTCBE2SXXX.

Questions & answers (related to EB test plan) (3/4)

Q4*:* What do I need to change in my input format (MT540/542) if I want to mobilise assets from my EB account to DNB's account in ENL ?

A4: If you want to mobilise assets from your EB account to DNB's account in ENL :

1) PSET code = NECINL2AXXX *(like today)*
2) DNB's BIC code FLORNL2AXXX as delivering agent in MT540 /receiving agent in MT542 *(like today)*
   AND
3) NOMC flag (ISO field :22F::STCO//NOMC) *[* ***NEW*** *compared to today]*

NOMC flag must be present in the instruction, otherwise your instruction will not be matched with the leg sent from ECMS to T2S. EB's system will not verify the presence of this flag before forwarding your instruction to ENL, so it is key to update your input formats accordingly.

Questions & answers (related to EB test plan) (4/4)

Q5: Does the use of PSET field ‘MGTCBE2SXXX’ apply to all MT54x? Or only MT540/542?

A5: PSET field ‘MGTCB2SXXX’ should be used in:

- MT540’s when you want to (de)mobilise assets from DNB’s account with EB;
- MT542’s when you want to mobilise assets with DNB’s account with EB.

The above also applies should you send MT540/542’s for CCBM transactions with Central Bank of Ireland (as correspondent central bank) in EB or with National Bank of Belgium (as correspondent central bank) in EB.

Documentation and tools

Links to useful documents for connectivity testing

On the ECB website ECMS - Professional use

- ECMS info pack - user testing and migration
- TARGET Service Connectivity Guide v2.0
- ECMS user testing - terms of reference for pre-production environment (to be updated)
- ECMS catalogue of messages and credit claim files (europa.eu)

SWIFT MyStandards

- ECMS actors that interact with the ECMS via A2A can request access to the ECMS group in the MyStandards web application.
- CPTYs can verify/test the compliance of message versions in the Readiness Portal, with specifications provided in MyStandards.

  The portal is a web application built on top of MyStandards.

  - Tests with the MyStandards Readiness Portal neither require nor verify the connectivity via ESMIG.
  - MyStandards Readiness Portal neither allows to reach nor test the ECMS.

Connectivity testing: Procedure to get access

The objective is to ensure full end-to-end connectivity to the ECMS via the Eurosystem Single Market Infrastructure Gateway (ESMIG)

Preparation:

- Registration form "data for connectivity"
- Complete the e-ordering process with the chosen Network Service Provider

- The TARGET Services Connectivity Guide on the ECB website describes in general terms the connectivity to ESMIG.
- This connectivity guide is not sufficient to achieve your connectivity to ESMIG. All NSPs specific steps and technical details (e.g. settings and tokens) to achieve the connectivity to TARGET Services, are described in the relevant NSP (SWIFT or SIA-COLT) related documentation.

Connectivity testing: Procedure to get access

- Summary connectivity steps:

  - DNB will setup counterparty: based on registration form
  - DNB will create CPTY admin user(s)
  - CPTY Admin(s) connect to the ECMS GUI landing page U2A

  If also A2A:

  - CPTY Admin(s) create A2A-user(s)
  - CPTY checks receipt of an acknowledgement (admi.007) from ECMS after sending one A2A message [ECMS Catalogue of Messages]