NL ECMS Market Consultation Group

30 May 2024

DeNederlandscheBank

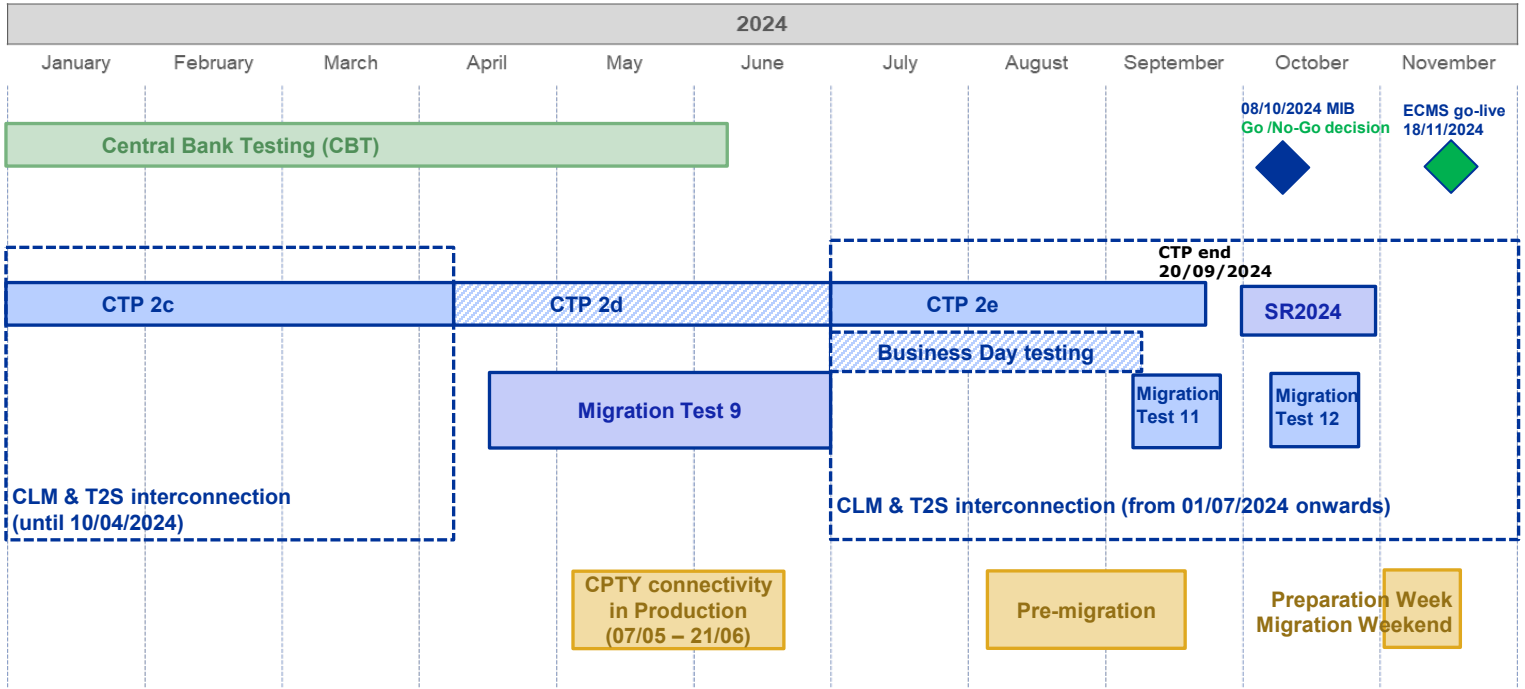
EUROSYSTEEM

Agenda

1. **Introduction**
2. **ECMS project planning – Eurosystem update**
3. **ECMS project – status update Dutch market, incl. DNB**
4. **Outstanding question(s) – update**
5. **Questions from MCG participants**
6. **AOB**

ECMS project planning– Eurosystem update

ECMS project planning: Eurosystem update



ECMS project planning: Eurosystem update

Name of ECMS UT Phase	Start Date	End Date
Central Bank Testing	16 January 2023	7 June 2024
Community Testing Phase 2c	20 November 2023	10 April 2024
Community Testing Phase 2d	11 April 2024	30 June 2024
Community Testing Phase 2e	1 July 2024	22 September 2024
Business Day testing (2x 3 weeks, during CTP2e)	a) 1 July 2024 b) 19 August 2024	a) 18 July 2024 b) 5 September 2024
Operational Day Testing	20 November 2023	22 September 2024

ECMS project planning – Heightened monitoring

- Heightened monitoring by Market Infrastructure Board (MIB) → Dedicated ECMS ad-hoc meetings on:
  - Project status and planning
  - Project risks
  - Go/no-go criteria
- Scheduled MIB meetings until end October 2024:
  - 19-20/06 (regular meeting)
  - 02/07 (ad-hoc ECMS meeting)
  - 02/09 (ad-hoc ECMS meeting)
  - 25/09 (regular meeting)
  - 08/10 ad-hoc ECMS meeting: Go/no-go decision
  - 21/10 ad-hoc ECMS meeting: Go/no-go SR2024

ECMS project panning - Readiness questionnaire

- 11th ECMS readiness reporting cycle
- Planning:
  - Reporting by CPTYs to NCB: June-July 2024 (exact date to be confirmed)
  - Cut-off date for reporting: to be confirmed
- Reporting on:
  - Current milestone: *IST2 - Internal Staff Training prior to Testing is completed*
  - Past milestones:
    - IAD8 - Testing of internal applications completed
    - IST1 - Internal Staff Training prior to Testing is started
    - IAD7 - Testing of the internal applications is started
    - IAD6 - Software development for the required adaptation changes to ECMS completed
    - IAD5 - Software development for the required adaptation changes to ECMS started
    - IAD4 - Drafting of internal applications documentation is completed

ECMS project panning - Readiness questionnaire

- Future milestones (for 12th readiness reporting cycle)
  - MIG1 – Pre-migration activities on production environment are started
  - CLA – Contractual and Legal Adaptation
  - OPA – Operational Procedure Adaptations

ECMS project – status
Dutch market, incl. DNB

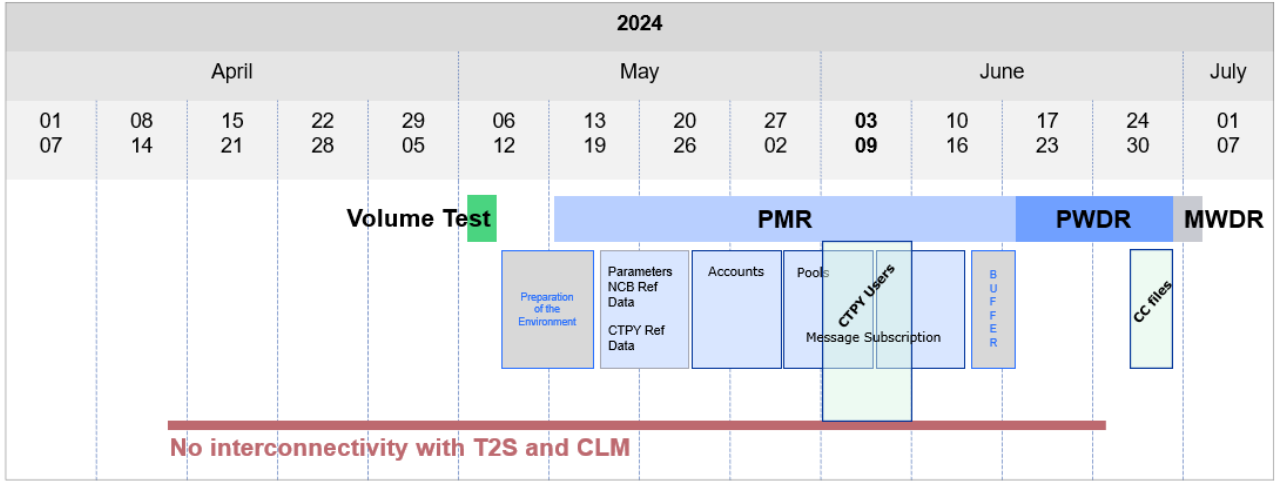
ECMS project – status Dutch Market

- Topics:
  - Testing of connectivity to PROD
  - Migration test 9
  - Test plan per CPTY for CTP2e (available by mid-June at the latest)

ECMS project status – Testing connectivity to PROD

- Testing of connectivity to ECMS PROD environment:
  - Started 7th of May 2024
  - **Ends 21st of June 2024**
- Results connectivity tests (status 30 May):
  - U2A connection (completed by both admin users): 10 (out of 28)
  - U2A connection (completed by 1 admin user): 4 (out of 28)
  - A2A connection: 3 (out of 16)

ECMS project status - Migration test 9



- Set-up Counterparty as Party [completed]
- Reference data [completed]
  - Contact Information
  - Banking group

ECMS project status - Migration test 9 – next steps

- ***CPTY Users!***
  - *DNB has created the same Admin and A2A users that were present in ECMS UTEST.*
  - *The CPTY Admin users are set-up with 4-eyes.*
- ***CPTY may start (in UTEST) with:***
  - *CPTY Admin to create their own users.*
  - *CPTY Admin to assign the relevant roles and/or groups.*

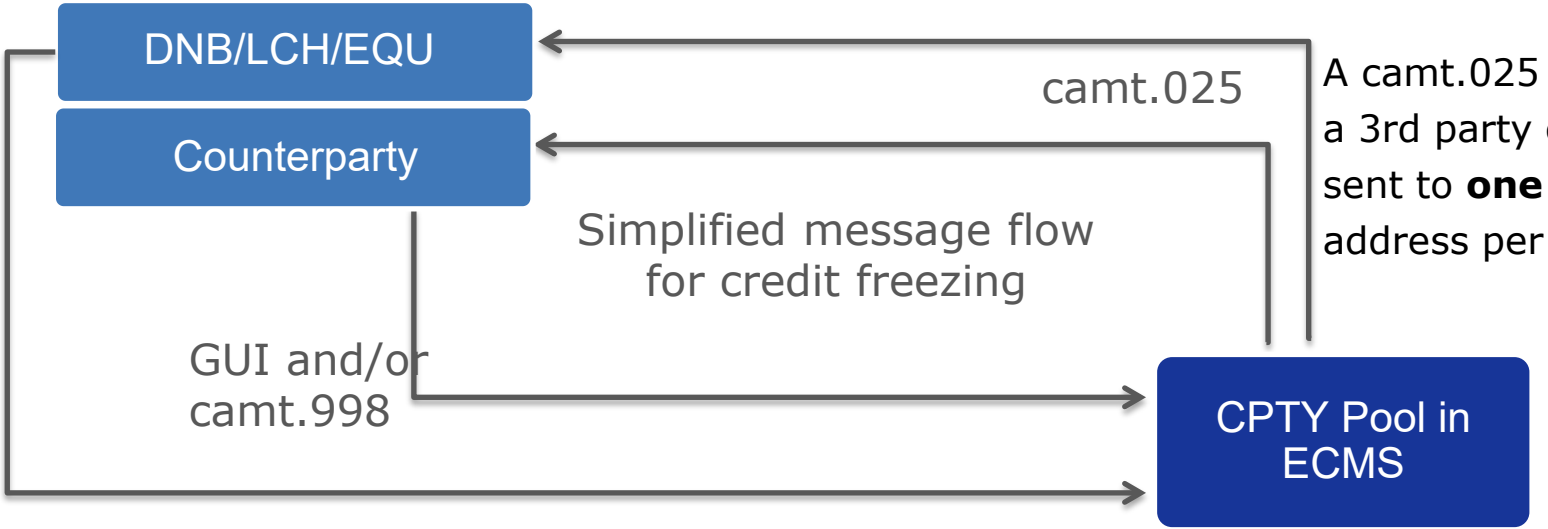
Needs to be completed before 7 June 2024!

ECMS project status - Migration test 9 – next steps

- ***Account Setup***
  - *Asset accounts*
  - *Cash accounts*
- ***Message subscription***
- ***Pool Setup***
  - *Pool*
  - *Monetary policy operations*
  - *Freezing types*
  - *Credit line*

ECMS project status - Migration test 9

- ***Accounts and pool set-up CTP2e need to change due to Freezing confirmations***
- ***Reason***



A camt.025 instructed by a 3rd party can only be sent to **one** technical address per pool.

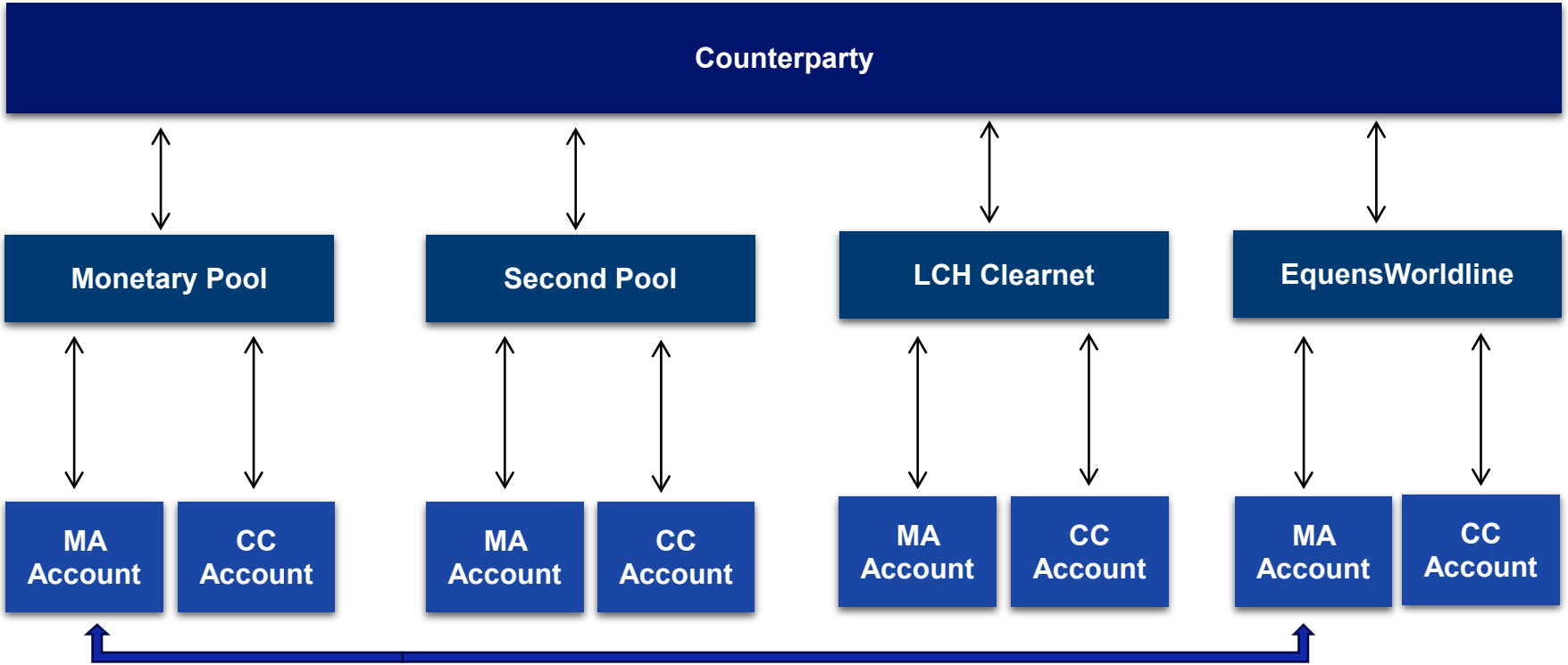
ECMS project status - Migration test 9

- ***Additional pools need to be created (if relevant):***
  - *Monetary Pool (for all monetary operations & credit line)*
  - *Second Pool (for DNB specific services, like Banknotes)*
  - *LCH Clearnet Pool*
  - *EquensWorldline Pool*

Reminder:

- ECMS counterparty asset account can be linked to one (and only one) collateral pool.
- Separate asset accounts for marketable and non-marketable assets.

ECMS project status - Migration test 9



MultiPooling – possibility to transfer assets between accounts

DeNederlandscheBank
EUROSYSTEEM

ECMS project status - Migration test 9

Pool naming convention: Pool Purpose (see below) + RIAD Code of the Counterparty

- EUCO – for the main pool dedicated to the collateralisation of Eurosystem Credit Operations
    - **EUCONLxxx**

- MIXD – if a second (or more) pool is used for multiple purposes (other than Eurosystem credit operations)
    - **MIXDNLxxx** (Second Pool)
    - **MIXDNLxxxLCH** (LCH Clearnet Pool)
    - **MIXDNLxxxEQU** (EquensWorldline Pool)

ECMS project status - Migration test 9

Asset account naming convention: RIAD Code of the Counterparty + Asset Identifier (MA/CC)

- Monetary pool account → NLxxx**MA1** for Marketable assets and NLxxx**CC1** for Credit Claims
- Secondary pool account → NLxxx**MA2** for Marketable assets and NLxxx**CC2** for Credit Claims
- LCH Clearnet pool account → NLxxx**MALCH** for Marketable assets and NLxxx**CCLCH** for Credit Claims
- EquensWorldline pool account → NLxxx**MAEQU** for Marketable assets and NLxxx**CCEQU** for Credit Claims

ECMS project status - Migration test 9

- ***PWDR - Preparation week dress rehearsal***
  - *Register **all** outstanding eligible credit claims from production on 26 June 2024*
- ***MWDR - Migration weekend dress rehearsal***
  - *All outstanding freezing positions on 28 June 2024*
  - *All outstanding OMO operations on 28 June 2024 – except TLTRO-III (only those active on 18 November 2024)*
  - *a **subset** of Marketable assets due to limitations of the UTEST environment [all CCBM flows used since 1 January 2023 in production]*

ECMS project status - Test plan per CPTY

Marketable Assets (FTC 1 to 4)

- Settlement flows, based on CSD accounts and positions in (recent) history
- Specific attention point: multi-pooling MA – only in case a CPTY has multiple pools

Credit Claims (FTC 5 to 7) – only for applicable CPTYs

- Domestic CC with and without guarantor
- Domestic CC with and without set-off risk
- Domestic CC with fixed and variable rate
- Cross Border CC with fixed and variable rate
- Multi-pooling CC – only in case a CPTY has multiple pools

Cash as Collateral (FTC 8 and 9) – mandatory for all CPTYs

ECMS project status - Test plan per CPTY

Global Credit and Collateral position (FTC 9 and 10)

- Update max credit line – mandatory for all CPTYs
- Update credit freezing – either mandatory or voluntary
- Specific attention point – credit freezings of third parties LCH and/or eW (SEPA DD)

OMO / Tenders (FTC 13 to 18)

- MRO fixed rate or LTRO operation –
  at least one operation is mandatory to test for all CPTYs (FTC 13 and 14)
- LPO operation (non-EURO tender) – at least one operation is either mandatory or voluntary, based on recent history (FTC 15 and 16)
- FTD operation – voluntary for all CPTYs (FTC 17 and 18)
- TLTRO-III operation – out-of-scope for testing

ECMS project status - Test plan per CPTY

Standing facilities - AML / MLOR (FTC 19 and 20) – Mandatory for all CPTYs

Statements & Reports (FTC 21 to 23)

- *Pool position report*
  - U2A – NA, A2A (colr.016) - mandatory for A2A CPTYs with subscription
- *Statement of Holding*
  - U2A – mandatory for all CPTYs, A2A (semt.002) - mandatory for A2A CPTYs with subscription
- *Statement of Transactions*
  - U2A – mandatory for all CPTYs, A2A (semt.017) - mandatory for A2A CPTYs with subscription
- *Statement of Pending Transactions*
  - U2A – NA, A2A (semt.018) - mandatory for A2A CPTYs with subscription

ECMS project status - Test plan per CPTY

Corporate Actions (FTC 25 to 30)

- INTR, REDM and PRED events are mandatory for all CPTYs to test
- All other events (see below) are voluntary, and will be tested in "pilot" situation with 2 CPTYs for Euroclear Bank and 2 CPTYs for Euroclear NL

PCAL
MCAL
CERT
MCAL Replace & Cancellation
MCAL Reversal
PRED Cancellation/replace
PRED Reversal
REDM Cancellation/replace
REDM Reversal

INTR Cancellation
INTR Reversal
BIDS
BIDS Cancellation
BIDS - Instruction Reversal
TEND
TEND- Cancellation
Meeting announcement - BMET

ECMS project status - Test plan per CPTY

Message subscriptions

- Only relevant for A2A CPTYs
- Mandatory for requested subscriptions per CPTY (based on registration form PROD)

Message code	Message name
seev.031	CA Notification
seev.032	CA Event processing status advice process
seev.034	CA Instruction status advice
seev.035	CA Movement preliminary advice
seev.036	CA Movement confirmation
seev.037	CA Reversal advice
seev.039	CA Cancellation advice
seev.041	CA Instruction cancellation request status advice
seev.044	CA Movement preliminary advice cancellation advice
pacs.002 ACSC	FIToFIPaymentStatusReport
pacs.002 RJCT	FIToFIPaymentStatusReport
colr.003	Margin call request
colr.016	Pool position report
camt.029 CNCL	ResolutionOfInvestigation
camt.029 RJCR	ResolutionOfInvestigation
camt.025 COMP	Receipt
camt.025 RJCR	Receipt

Message code	Message name
sese.024 Validated	Securities settlement transaction status advice
sese.024 Matched	Securities settlement transaction status advice
sese.024 Rejected	Securities settlement transaction status advice
sese.024 Cancelled	Securities settlement transaction status advice
sese.025	Securities settlement transaction confirmation
sese.027	securities transaction cancellation request status advice
semt.002	Securities balance custody report
semt.017	Securities transaction posting report
semt.018	Securities transaction pending report
colr.xxx.ccprocessingreport	Credit Claims processing report
camt.025 COMP	Receipt
camt.025 REJT	Receipt

Outstanding question(s)

Outstanding question – fee structure

Reply from Euroclear Bank:
Whilst the tariff is still going through our governance, we do not expect any changes to the custody fees, or changes from our existing settlement tariff, other than passing on T2S settlement fees.

Custody fees (April 2024)

- Euroclear Bank: 0,2998‰
- CCBM: 0,69‰

After ECMS go-live, there will be no more fixed CCBM fees, meaning each NCB will pass on the fees actually paid to the CSD.

Example DNB fees for Euroclear Netherlands (April 2024):

- Government bonds: 0,1022‰
- Non-government bonds: 0,1902‰
- Money Market: 0,6‰

Outstanding question – fee structure

Euronext
Securities Porto

Table 1 – Securities representing debt

Securities maintenance (%/year)		Total value of the holdings of the financial group (M€)		
		up to 2,000	from 2,000 to 40,000	more than 40,000
Total value of the holdings of the Financial Intermediaries (M€)	up to 100	0.00500	0.00490	0.00435
	from 100 to 1,000	0.00457	0.00441	0.00403
	from 1,000 to 10,000	0.00424	0.00408	0.00386
	more than 10,000	----	0.00391	0.00370

Table 5 – Treasury bills

Securities maintenance(%/year)		Total value of the holdings of the financial group (M€)		
		up to 2,000	from 2,000 to 40,000	more than 40,000
Total value of the holdings of the Financial Intermediaries (M€)	up to 100	0.00236	0.00216	0.00147
	from 100 to 1,000	0.00186	0.00149	0.00098
	from 1,000 to 10,000	0.00135	0.00099	0.00081
	more than 10,000	----	0.00082	0.00066

- Next meeting: 27 June 2024, 16.00 CET (via Teams)

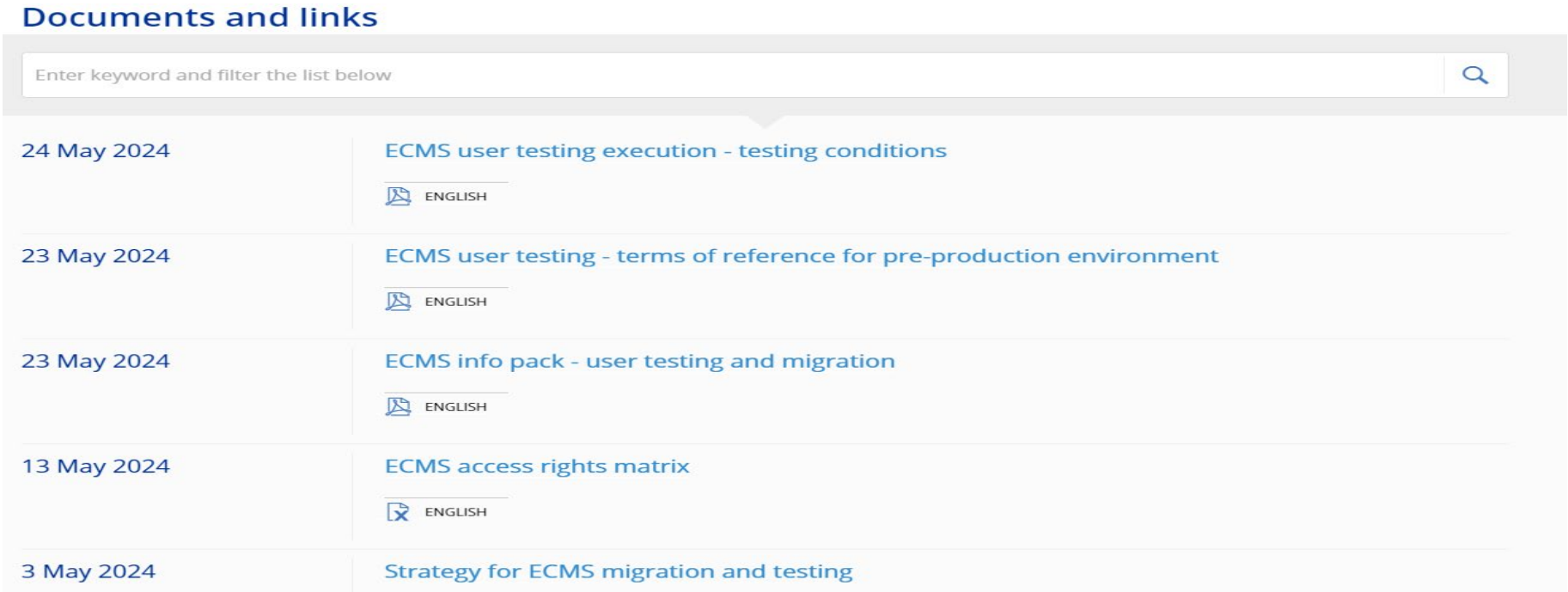
- Opportunity for questions
- AOB

DeNederlandscheBank

EUROSYSTEEM

Documentation and tools

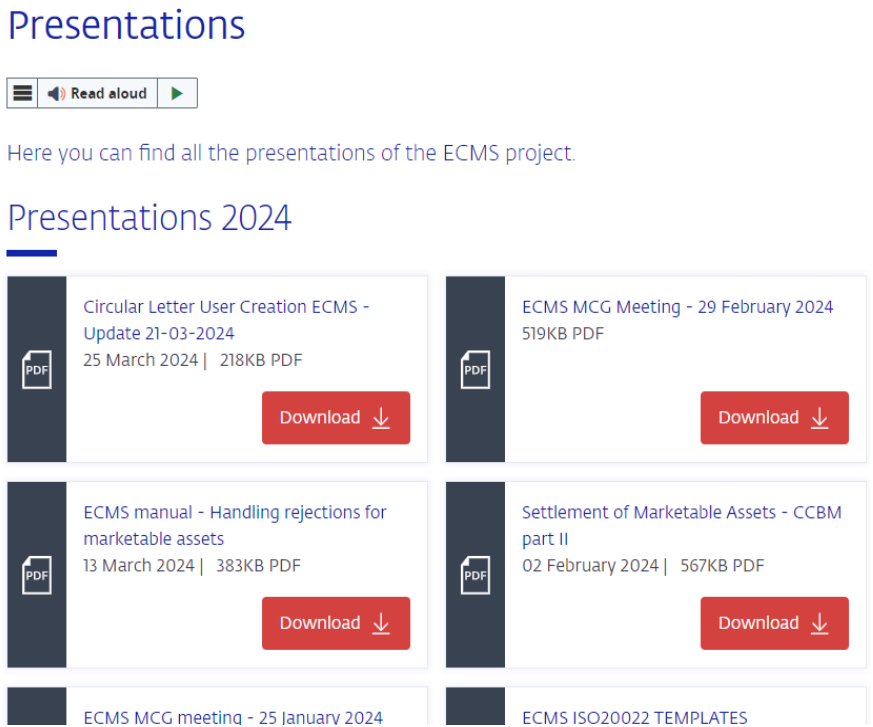
NL ECMS MCG: ECMS - Professional use (europa.eu)



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:
  - Circular letter user creation ECMS
  - NL ECMS MCG meeting 29 February 2024
  - ECMS Manual – Handling rejections for marketable assets
  - Settlement of Marketable Assets – CCBM part II



Links to useful documents for connectivity testing

On the ECB website ECMS - Professional use

- ECMS info pack - user testing and migration (europa.eu)
- TARGET Services Connectivity Guide v2.2 - with revisions (europa.eu)
- ECMS user testing - terms of reference for pre-production environment (europa.eu)
- ECMS catalogue of messages and credit claim files - changes since version of 22 June 2023 (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 Nexi-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]