NL ECMS Market Consultation Group

27 June 2024

DeNederlandscheBank

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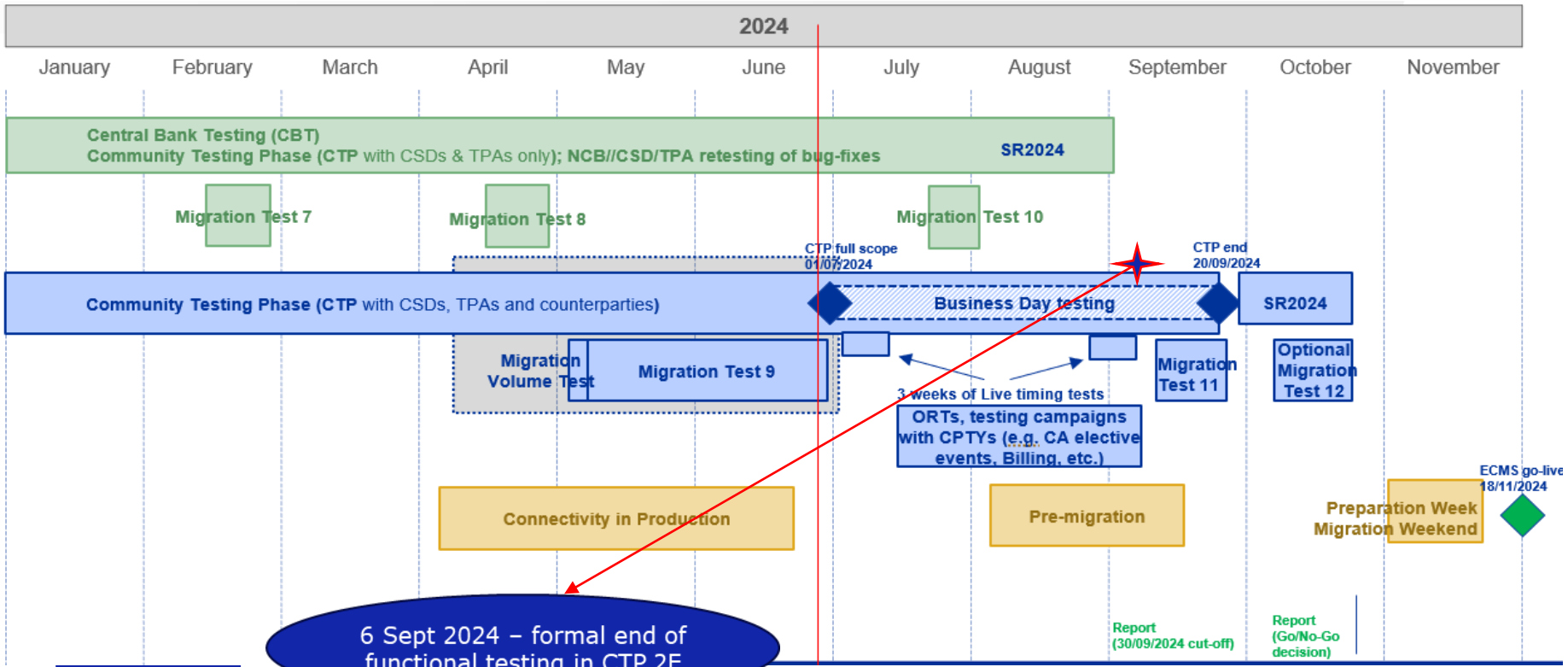
Agenda

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

ECMS project planning– Eurosystem update

ECMS Project Planning – Eurosystem update



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ECMS project planning: Eurosystem update

Outline of CTP 2E (1 July – 20 September 2024):

- Effective testing until 6 September (due to Migration Test 11 – scheduled for 9 September until 20 September)
- Functional testing: fundamental test cases (FTCs) & additional test cases – see individual test plan shared on 14 June 2024
- FTCs to be tested by 23 August 2024 (see ECB Focus Session)
- Various coordinated testing campaigns:
  - Open Market Operations (OMOs)
  - Corporate Actions elective events
- A dedicated newsletter with time lines (in preparation)

ECMS project planning - DNB: What and when to test in CTP 2E

	Jul/24				Aug/24				Sep/24			
Week nr	27	28	29	30	31	32	33	34	35	36	37	38
Mondays	01/Jul	08/Jul	15/Jul	22/Jul	29/Jul	05/Aug	12/Aug	19/Aug	26/Aug	02/Sep	09/Sep	16/Sep
Marketable Assets	*(De)mobilisations and cancellations, domestic, cross border, CCBM with 2 legs*										Data migration rehearsal	
Marketable Assets - multi-pooling					*Expected release date is July 29*							
Credit Claims - domestic	*Both U2A and A2A can be tested*											
Credit Claims - cross border			*Advise is to start a bit later due to issues encountered during CBT*									
Credit Claims - multi-pooling					*Expected release date is July 29*							
Corporate Actions - INTR, REDM, PRED		*Fully coordinated by DNB and Euroclear*										
Corporate Actions - other events - pilots				*Pilot Euroclear NI and Euroclear Bank*								
Corporate Actions - other events - other CPTYs							*Can be tested on request, more details will follow*					
*OMO (Tenders) - coordinated test**		*Organised TOP campaign*						*Additional campaign? TBD*				
OMO (Tenders) - all CPTYs			*DNB will contact CPTYs to "create" a tender in ECMS*									
Cash as Collateral				*DNB support available from 22nd of July*								
Global Credit and Collateral Position												
Pool position and projections	*Please check your pools during all testing activities*											
Standing facilities (MLOR and AML)	*DNB support available from 22nd of July*											
Statements & Reports	*Please check your statements and reports on a regular basis*											

** only applicable for CPTYs with access to E-tender test environment*

ECMS project planning - Readiness questionnaire (11th cycle)

- 11th ECMS readiness reporting cycle
- Planning:
  - Reporting by CPTYs to NCB: 1 July 2024
  - Cut-off date for reporting: 24 June 2024
- Reporting on:
  - Current milestone: *IST2 - Internal Staff Training prior to Testing is completed*
- Additional question on impact of T2S settlement policy:

  If the T2S settlement policy impacts your collateral mobilised and your settlement chain, have you organised the transfer of those positions and tested the new channel?

  - Euroclear Bank on T2S
  - Bridge between Euroclear Bank and Clearstream

ECMS project – status
Dutch market, incl. DNB

ECMS project status – Update from the Eurosystem

- CPTYs and NCBs report bi-weekly on:
  - testing progress
  - the level of confidence (Green, Yellow, Red) that they'll be ready for go-live on 18 November 2024
- A consolidated report for all 20 markets is shared with MIB
- Overall Eurosystem confidence level (cut-off 14 June):
  - NCBs: 6 Red, 14 Yellow
  - Markets (sum of CPTY reporting): 5 Red, 15 Yellow

>>> hence heightened monitoring by the MIB

ECMS project status – Testing connectivity to PROD

- Results of connectivity tests to ECMS PROD environment (status on 26 June):
  - U2A connection (completed by both admin users): 26 (out of 28)
  - A2A connection: 15 (out of 16)

News from ECB Focus Session:

Testing of connectivity to PROD still possible until 2 August 2024

(No connectivity testing possible between then and 26 September 2024)

ECMS project status - Migration test 9

- Migration Weekend Dress Rehearsal
  - 28 June until 30 June 2024
  - Activities on NCB side:
    - Marketable Assets positions for CPTYs will be prepared, in line with the test plans (but no production positions will be migrated)
    - CPTYs will receive an overview of the positions created for them
  - Status:
    - Most activities are running as expected and on schedule
    - Some issues with Credit Claims (RIAD connection), but not blocking
  - Activities on CPTY side: None (*but you're free to have a look on Sunday between 8am and 10am*)

ECMS & ECONS II

ECMS & ECONS II (1/3)

ECONS II (Enhanced Contingency Solution for the T2 service)

- Contingency component aimed at addressing the situation where T2 (i.e., CLM and/or the RTGS component) is unavailable

  >>> prolonged outage of T2 (up to 5 business days)

- Contingency account in ECONS II for each T2 participant

- Contingency accounts in ECONS II start with zero balance

- 2 ways to inject liquidity in ECONS II via ECMS:
  - ECON Freezing
  - Fresh collateral

ECMS & ECONS II (2/3)

ECMS switches to the contingency mode when ECONS II is activated

- ECON Freezing recorded in ECMS (***in CPTY's Monetary Pool***):
  - ECMS automatically generates liquidity transfer messages to ECONS II (camt.050)
  - Liquidity injected in CPTY's contingency account in ECONS II
  - Amount of liquidity corresponds with the collateral value of the freezing

- Fresh collateral:
  - In case ECON freezing type is not used and/or
  - When CPTY wants to further increase its payment capacity in ECONS II
    - CPTY mobilises new (fresh) collateral to ECMS
    - ECMS calculates the collateral value and sends liquidity transfer message to ECONS II

ECMS & ECONS II (3/3)

Testing of ECONS II in CTP 2E:

- Based on current contract with DNB
- CPTYs with a contract: testing of the ECON Freezing type is mandatory
- CPTYs without a contract: testing is voluntary
- Test set-up and timing still to be defined

Current Legal setting (contingency contract) changes with go-live of ECMS

- ECON Freezing type will be set-up in ECMS for all CPTYs (*in the Monetary Pool*)
- The use of ECON freezing type is at the discretion of the CPTY, no contract with DNB required
- CPTYs are responsible for setting (and managing) the amount of collateral to be blocked in ECMS for ECONS II

Outstanding question(s)

Outstanding questions/issues

(1) 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

>>> Should you have further questions, contact us for a bilateral call

(2) Performance issues (slow response and time-outs) of the system

- ECB has set-up a task force to investigate the issue

- Next meeting: **25 July 2024, 13.30 CET**, via Teams >>> This is rescheduled from 30 July. An updated meeting invite will follow shortly.

- Opportunity for questions
- AOB

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Documentation and tools

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

Documents and links

Enter keyword and filter the list below

25 June 2024	ECMS info pack - operating schedule ENGLISH
25 June 2024	Summary Focus Session – 21 June 2024 ENGLISH
24 May 2024	ECMS user testing execution - testing conditions ENGLISH
23 May 2024	ECMS user testing - terms of reference for pre-production environment ENGLISH
23 May 2024	ECMS info pack - user testing and migration ENGLISH

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 (May 2024 update)
  - NL ECMS MCG meeting 30 May 2024
  - ECMS Manual – Handling rejections for marketable assets

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]