NL ECMS Market Consultation Group

29 August 2024

DeNederlandscheBank

EUROSYSTEEM

Agenda

1. **Introduction**
2. **CTP2E – update issues**
3. **ECMS project planning – Eurosystem update**
4. **Tour de Table - MCG participants**
5. **Matters to take note of**
6. **AOB**

CTP 2E: Update issues

ECMS CTP2E update

CTP 2E – update issues

- Technical stability issues primarily in the first three weeks of this testing phase at beginning of July (multiple downtimes leading to deteriorated testing conditions), remediation actions implemented by 4CB >>> Additional measures are still being implemented to cater for remaining issues (action plan 4CB)
- Functional stability issues since beginning of August resulted in many transactions getting stuck in the system for several processes and hampering testing progress >>> Solution has been successfully implemented last weekend.
- Masterdata issues in the Marketable Assets domain, due to lack of synchronisation between DNB data and CSD data >>> solved step by step, fully solved since a few weeks.
- U2A/GUI performance & Time-out issues already from the start, analysis ongoing, Tiger teams & calls established (ECB - NCBs - 4CB (incl. BdI) – NSP (i.c. SWIFT)

ECMS CTP2E update

- As of now, functional issues should be solved for:
  - Marketable Assets
  - OMO / Tender operations
  - Corporate Actions – INTR, REDM and PRED events
  - Cash as Collateral
  - Standing Facilities / Marginal Lending
  - Statements and Reports
  - Credit line updates and credit freezings (except for ECON freezing type → not blocking for testing)
- Incidents on CPTY level are investigated and (if needed) reported to 4CB.

- Main worry: Credit Claims due to performance issues (processing of transactions and A2A files takes a lot of time, system seems to act differently sometimes, some incidents in transactions processing)

ECMS CTP2E update

Other attention points – DNB view

- "Instability" – system still sometimes acts unexpectedly (e.g. cut-off times)
- "Uncertainty" – due to before mentioned issues, it was not possible to test adequately, we still face new incidents
- Many updates (releases, hot fixes) in the system lead to "regression" issues
- NRO (Non repudation of origin) not yet implemented for all relevant screens in UTEST
- Overall bad performance of the system
- Several "blocking" issues, mainly in the area of Central Bank functionality
- Results of migration test 11 will be of high importance for Go / No-Go decision

ECMS project planning– Eurosystem update

ECMS project planning: Eurosystem update

Planning consequences

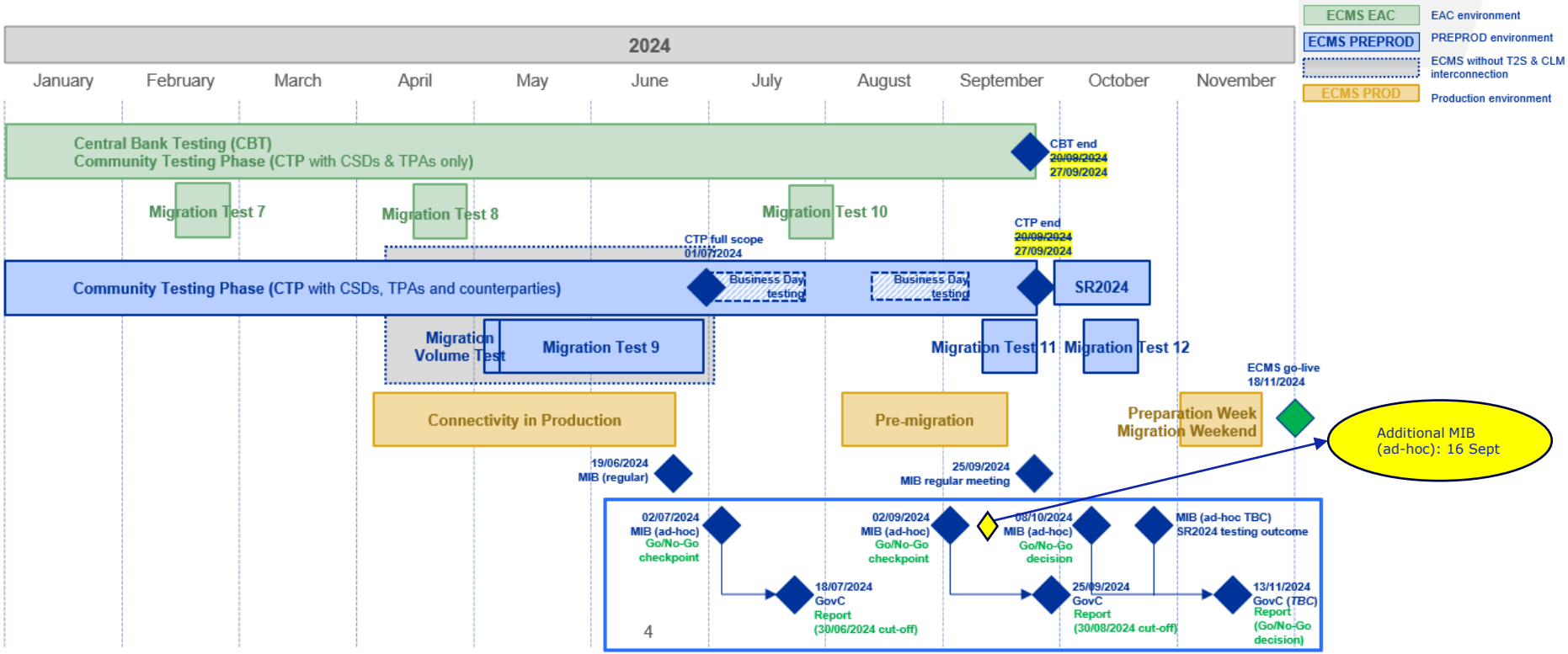
- CTP2E extended until 11 September 2024
- Additional testing window organised from 23 – 27 September 2024
- Start of CPTY setup of counterparty users in PROD is rescheduled to 2 September 2024
- Migration Test 11 scheduled from 12 – 22 September 2024 (incl. Migration Weekend Dress Rehearsal from 20 – 22 September 2024)

Enhanced MIB monitoring

➢ ECMS ad-hoc calls during the summer (26 July and 20 August)

➢ Additional ad-hoc calls: 2 September, 16 September

ECMS project planning: Eurosystem update



Tour de Table -
MCG participants

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Matters to take note of

Matters to take note of…#1

EquensWorldline's involvement in ECMS testing

- Participation in ECMS is currently limited to participants in the Worldline community who are utilizing the EBALink service and are initiating EBALink SDD Core/B2B.
- Members of the EquensWorldline CSM community who fall under this category have already been contacted by Worldline.
- For banks not within this specific group, Worldline will not have a role in your ECMS testing.

Note from DNB:

- Involved CPTYs will notice activities in their dedicated EquensWorldline pool: MIXDNLxxxEQU

Matters to take note of…#2

Legal documentation – ECB harmonises rules for Eurosystem collateral management

On 14 Aug 2024 the ECB published harmonised rules and arrangements for the mobilisation and management of collateral in Eurosystem credit operations (coming into effect with the launch of the ECMS).

Summary of the published harmonised rules & arrangements:

- The new rules and arrangements can be found in the guideline on the management of collateral in Eurosystem credit operations (ECB/2024/22);
- A public document containing further information for Eurosystem counterparties on the harmonised processes, procedures and arrangements involved in the mobilisation and management of collateral in Eurosystem credit operations;
- The General Documentation (GenDoc/GD) has been amended to take account of Guideline ECB/2024/22.

Already existing relevant legal documentation **[to be amended to cater for ECMS Go-Live]:**

- **Monetary Policy Transactions Conditions (MPTC), aka in Dutch the VMB**, ('Voorwaarden Monetaire Beleidstransacties') - NL specific requirements for eligibility and mobilisation of collateral; in addition to the GD.
- **Second Pool Conditions (SPC)** (in addition to the GD and the MPTC)

See Annex for previously provided information on the legal documentation in the ECMS MCG of 8 April 2024.

Matters to take note of…#3

Bridge between Euroclear Bank (EB) & Clearstream Banking Luxemburg (CBL)

- Bridge will cease to exist as of the go-live of ECMS and the parallel onboarding of EB on T2S
- Impacted ISINs need to be moved
- Affected CPTYs will be contacted bilaterally

Matters to take note of…#4

Reminder: pool set-up in ECMS

Pool naming convention: Pool Purpose + RIAD Code of the Counterparty + specific other purpose

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

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

- The pool (and account) set-up in PROD will be shared with individual CPTYs – next week

Matters to take note of…#5

Reminder: ECMS & the use of cash as collateral

- As of the go-live of ECMS:
  - cash as collateral in the Second Pool no longer allowed
  - use of cash only for covering margin calls
- Any cash collateral must be removed from the Second Pool before ECMS go-live
- Affected CPTYs will be contacted bilaterally

- Next meeting: **19 Sept 2024, 14.30-18.00 CET**
  (in-person at DNB premises in Amsterdam)

- Opportunity for questions
- AOB

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Annex - Matters to take note of…#2

Legal documentation – Recap 8 April MCG

Already existing relevant legal documentation **[which will be amended to cater for ECMS Go-Live]:**

- **Guideline (EU) 2015/510 of the European Central Bank of 19 December 2014 on the implementation of the Eurosystem monetary policy framework (ECB/2014/60) (**the General Documentation Guideline/GenDoc/GD**)**
- **Monetary Policy Transactions Conditions (MPTC), aka in Dutch the VMB**, ('Voorwaarden Monetaire Beleidstransacties') - NL specific requirements for eligibility and mobilisation of collateral; in addition to the GD.
- **Second Pool Conditions (SPC)** (in addition to the GD and the MPTC)

NEW: Eurosystem Collateral Management Framework Documentation [publication before the ECMS go-live], consisting of:

- A Legal Document (*ECB Guideline on the management of collateral in Eurosystem credit operations*) and
- A Public Document (*Collateral management in Eurosystem credit operations- Information for Eurosystem counterparties*)

Both documents replace the current CCBM documentation.

Documentation and tools

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

Documents and links

Enter keyword and filter the list below

21 August 2024	ECMS user test execution - testing conditions ENGLISH
12 July 2024	ECMS credit claim schemas ENGLISH
8 July 2024	Explainer on outgoing communication, compression and pagination in the ECMS ENGLISH
27 June 2024	ECMS info pack - reports 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:
  - NL ECMS MCG meeting 25 July 2024
  - NL ECMS MCG meeting 27 June 2024
  - Circular Letter User Creation ECMS (June 2024 update)
  - NL ECMS MCG meeting 30 May 2024

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]