



**Advisory Group on Market Infrastructures for Securities and Collateral (AMI-SeCo)  
National Stakeholders Group (NSG-PT)**

**Summary of 9<sup>th</sup> AMI-SeCo NSG-PT Meeting**

**Place: Teams**

**Date:** 18th November 2022 – 10.00h to 12.00h

<b>Institutions</b>	<b>Members</b>
Banco de Portugal	
Departamento de Sistemas de Pagamentos (DPG)	Maria Tereza Cavaco (Chair)  Anabela Mendes Fernando Chau Francisco Dias Lara Fernandes Luís Miguel Oliveira Nuno Brito Soares
Departamento de Mercados (DMR)	Anabela Cardoso Hugo Nogueira José Luís Marques José Pedro Braga Mónica Gomes
AEM	Abel Sequeira Ferreira Matilde Perez
APB - Associação Portuguesa de Bancos	João Tomaz
Banco BPI	Ana Rita Barros Daniel Ribeiro João Banza Paula Silva

<b>Institutions</b>	<b>Members</b>
Banco Santander Totta	Pedro Marques
BCP	Rita Roque
	Luís Moreira Fernandes
	Mário Janeiro
	Nuno Valente
BNP Paribas SA	Bernardo Silva
Caixa Central de Crédito Agrícola Mútuo	Nuno Oliveira
	Sónia Pureza
CGD	Filipa Isabel Alcaide
	Ricardo Ribeiro
Citibank	Giselle Toloí
	Rita Álvares
Comissão dos Mercados de Valores Mobiliários (CMVM)	Sónia Pedro
Deutsche Bank	Pedro Campos
Euronext Securities Porto	Corina Oliveira
Novo Banco	Paulo Custódio
	Tiago Louro
	Vasco Pinto
<b>Absent Institutions</b>	
IGCP- Agência de Gestão da Tesouraria e da Dívida Pública	
SIBS	

## 1. Introduction and presentation of the meeting agenda

The Chair of the NSG-PT presented the agenda for the meeting, which was approved by the participants. This meeting was scheduled for the beginning of November and the date change was intended to accommodate, among others, the sharing of information on the postponement



of the “go-live” date of the T2-T2S consolidation project, from 21<sup>st</sup> November of the current year to 20<sup>th</sup> March 2023<sup>1</sup>.

## **2. Eurosystem Projects: Recent developments**

### **2.1. TARGET2-Securities**

Banco de Portugal presented a summary of the evolution of the securities settlement activity at the level of T2S as a whole and of the national community (including information by type of security).

From January to October 2022, and compared to the same period in 2021, there was a decrease in the number of securities operations settled in T2S (approximately 8%), despite the value of these operations having increased by around 3%. At national level, similar movements were also recorded, with the quantity decreasing by around 10% and the volume increasing by around 9%.

47 incidents were recorded in T2S between July and October, with emphasis on those related to the penalty mechanism (36%). The incidents with the greatest impact were recorded on 25<sup>th</sup> August and 19<sup>th</sup> September, resulting from the preparation of static data from the penalty mechanism, and on 30<sup>th</sup> September, where a problem in liquidity transfer from TARGET2 to T2S forced a restart of a platform module.

Concerning to T2S releases, releases 6.0 and 6.1 were successfully implemented on July 2<sup>nd</sup> and September 17<sup>th</sup>, 2022, respectively. Emphasis was also given to change requests with an impact on the cash side, which will be implemented in future releases.

Finally, the status of the T2S billing module was updated, with implementation scheduled for December 2022 (Go-Live decision on November 22<sup>nd</sup>) and the plan for issuing and collecting overdue invoices, as a result the postponement of the implementation of this module in June 2022.

### **2.2. Evolution of TARGET Services**

Banco de Portugal presented the status of the TARGET services evolution project, starting by recalling its objectives: optimizing the services provided and liquidity management; reduce costs for the Eurosystem and participants; harmonize functionalities and ensure the availability and security of services in the face of emerging threats; continue to ensure the secure, immediate,

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<sup>1</sup> See ECB Council decision on 20th October. *Eurosystem reschedules start of renewed wholesale payment system*, <https://www.ecb.europa.eu/press/pr/date/2022/html/ecb.pr221020~432ea01228.pt.html>.



final and irrevocable settlement of payments in central bank money; ensure monetary policy needs and respond to users' needs.

Due to the frequent unavailability of the test environment and existing software defects, which did not attest to the needed confidence to move into production of a platform considered the backbone of the financial system, the Eurosystem decided to postpone the entry into production of the consolidation project to March 2023, despite the impacts of this decision. Among these impacts, the following stand out: the adjustment of the November T2S and TIPS releases; the reorganization of resources; the postponement by SWIFT of the start of the migration of cross border payments to ISO20022; the postponement by the EBA Clearing of the migration from EURO1 to ISO 20022; the impact on the implementation project of the Eurosystem Collateral Management System (the ECMS) is still being analysed.

It was mentioned that, by the end of the year, all efforts should be concentrated on completing the certification tests and carrying out end-to-end tests, and that, as of January 16th, there will be a software freeze. In January 2023, institutions must simulate business days in a test environment as if they were in production, including liquidity management activities and interaction with T2S, with the aim of ensuring that in March they are able to operate in production smoothly.

On the first weekend of February 2023, a new migration weekend test will take place, and, by January 31<sup>st</sup>, all institutions will have to carry out a new status of activities and report their level of confidence to migrate to production. The expectation is that, on that date, all institutions are fully confident with the migration.

The coordinator of the TARGET2 Interbank Working Group shared his experience with the TARGET service evolution project. He considered the sharing of information, experience, doubts and solutions among community participants to be the main lessons learned; the emphasis on testing; articulation and internal and external cooperation and cooperation with the regulator; the commitment, motivation and resilience of the project implementation team in the national community. He also highlighted the importance of some reflections launched by the Bank of Portugal on the project over time and mentioned compliance with milestones, focus on the project plan and sharing, communication, articulation and cooperation among all as critical success factors for the participants.

### **2.3. ECMS Project**

Recent developments of the Eurosystem Collateral Management System (ECMS) were presented as well as the main activities until the end of the first quarter of 2023.

With the postponement of the go-live date for the consolidation of TARGET services to March 20<sup>th</sup>, 2023, there is a need to assess its potential impacts on ECMS activities, as currently planned. The decision on a possible postponement of the ECMS will be communicated to the



market on November 30<sup>th</sup>. This presentation was based on the current project plan and the activities take place assuming the maintenance of their dates.

In terms of main activities, the next training session for the community should be held in mid-December, with a view to starting connectivity tests on February 20<sup>th</sup>, 2023. To prepare for these tests, Banco de Portugal will distribute registration forms to be returned by December 23<sup>rd</sup>. On April 17<sup>th</sup>, 2023, functional tests will begin and in January and March the ninth and tenth rounds of monitoring will take place, respectively.

A summary of the activities foreseen for each test phase was made, the details of which can be found in the documents *Strategy for ECMS migration and testing*<sup>2</sup> and *ECMS user testing - terms of reference for pre-production environment*<sup>3</sup>, published on the ECB website.

In 2023, the training cycles will continue, focused on the details of the functionalities relevant to the counterparties, in order to allow a smooth entry into the community testing phase, and also with a focus on contingency, communication and support procedures, as well as detailing the processes of pre-migration and migration weekend.

The subscription to ECMS services for the pre-production environment appears not yet to be available for participants to be able to carry out the connectivity tests in February 2023. Banco de Portugal will make efforts with the *Network service providers* to find out the date of availability of these *e-ordering* services.

### **3. SCoRE: Recent developments**

Banco de Portugal provided a brief overview of the participation of Portuguese entities in the SCoRE monitoring exercise for the second half of 2022.

Euronext Securities Porto made a brief review of the project's timeline, highlighting the update of the Adaptation Plan carried out in March 2022.

With regard to the implementation of the SCoRE *Corporate Actions standards*, Euronext Securities Porto recalled that a common Corporate Actions platform will be implemented for all CSDs of the Euronext group. This project will be implemented in a phased manner, with production expected to start in November 2023, covering debt instruments. Said platform will subsequently be extended to all other securities in 2025.

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<sup>2</sup> Available in [https://www.ecb.europa.eu/paym/target/ecms/profuse/shared/pdf/ecb.targetecms220228\\_Strategy\\_for\\_ECMS\\_Migration\\_and\\_Testing.en.pdf](https://www.ecb.europa.eu/paym/target/ecms/profuse/shared/pdf/ecb.targetecms220228_Strategy_for_ECMS_Migration_and_Testing.en.pdf)

<sup>3</sup> Available in [https://www.ecb.europa.eu/paym/target/ecms/profuse/shared/pdf/ecb.targetecms220405\\_ECMS\\_User\\_Testing\\_Terms\\_of\\_Reference\\_for\\_Pre\\_Production.en.pdf](https://www.ecb.europa.eu/paym/target/ecms/profuse/shared/pdf/ecb.targetecms220405_ECMS_User_Testing_Terms_of_Reference_for_Pre_Production.en.pdf)



With regard to the new *Corporate Actions* platform, the main benefits, timeline and milestones of the project were mentioned.

Finally, a brief presentation was made of the main impacts for the Portuguese market of the implementation of the *SCoRE Corporate Actions standards*.

#### **4. Next Generation EU - NGEU**

In the first part of the presentation, the NextGenerationEU (NGEU)<sup>4</sup> was briefly recalled, regarding its main objectives, amounts involved and characteristics of the issuance<sup>5</sup>. The total value of NGEU emissions amounts to 800 billion euros (until 2026 - annual average of 150 billion euros).

In a second part, the group took note of the current European Union debt issuance model and its characteristics, as well as the considerations and concerns of the European Commission regarding the new NGEU issue, such as: (i) having a financing strategy diversified; (ii) be able to settle in central bank money; (iii) issue through a public CSD; (iv) that could ensure the level playing field and neutrality; (iv) maintaining emissions by a single/centralized ISIN accessible throughout the European Union.

Thus, to accommodate the European Commission's goals and concerns, a new issuance model was developed, the EU Issuance Service (EIS), in which: (i) the central securities issuer and settlement agent, chosen by the European Commission, was the central securities of the National Bank of Belgium – the NBB SSS; (ii) the ECB will be the paying agent; (iii) the model will be based on cost recovery, both for the ECB and for the NBB SSS; and (iv) the NBB SSS can only be connected to investment securities centers (including international ones).

The EIS model is supported by a Memorandum of Understanding signed between the European Commission, the ECB and the National Bank of Belgium, which, among others, aims to monitor the service provided by the NBB SSS, with a view to ensuring that the service is offered in a transparent, non-discriminatory, pan-European in scope and in line with industry standards.

#### **5. Feedback and questions**

The participants in the meeting did not have any doubts about the presentations made.

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<sup>4</sup> Info on NGEU is available in [https://next-generation-eu.europa.eu/index\\_en](https://next-generation-eu.europa.eu/index_en)

<sup>5</sup> See [https://ec.europa.eu/info/strategy/recovery-plan-europe\\_en](https://ec.europa.eu/info/strategy/recovery-plan-europe_en)



## 6. Other business

The Settlement Discipline (TF) Task Force coordinator informed that it has not been possible to organize new TF meetings since the last NSG-PT meeting. With the expected approval of the State Budget for 2023 (OE), the problems arising from the transfer of securities from one institution to another identified by the TF should be resolved. Thus, procedures related to title transfers will be more harmonised.

With the approval of the OE for 2023, the paradigm will change: it is no longer necessary for the client to authorize the acquisition price of the securities to be transferred, which was one of the main reasons, pointed out by several of the institutions, for the non-disclosure of said price.

The possibility of creating a repository containing information on the lowest prices available for consultation by all institutions remains open.

With the OE for 2023, there is also the obligation to issue a declaration of the securities traded, which includes the quantity traded, date, historical acquisition value and realization value. Here, too, the possibility of using the lowest quotation is provided. However, the importance of information on the acquisition price being made available was underlined, so that the data contained in the said statement are closer to the customer's reality, regardless of whether he has acquired and sold the securities at the same institution.

After consultation with participants, the next AMI-SeCo NSG-PT meeting will be held before the go-live of the new TARGET services in early March 2023.

Finally, the Chair of the NSG-PT thanked Ms Rita Roque of Banco Santander Totta for the active participation in the NSG-PT meetings, wishing her much happiness in the new challenges