
22 March 2011

RELEASE NOTE

Delivery of the User Detailed Functional Specifications v1.0

The attached document is the User Detailed Functional Specifications v1.0 which is part of the T2S specifications. The UDFS document is submitted by the Eurosystem for a two-month market consultation, lasting from 23rd March to 27th May 2011. The current consultation aims at collecting the market's comments on the UDFS in order to reflect them in the version 1.2 of the UDFS that will be released by the Eurosystem in October 2011. Considering that the version 1.2 of UDFS will provide the final baseline on which directly connected T2S Actors will design and build their information systems for communicating with T2S, it is of the utmost importance that the UDFS v1.0 are thoroughly reviewed by the market participants.

Scope and audience of the UDFS

As part of the T2S delivery for the specification phase, the User Detailed Functional Specifications contain information aimed at future directly connected T2S Actors (including RTGS and Collateral Management Systems) who need to design and build the interface of their information systems with T2S. For this purpose, UDFS are structured along three chapters (complemented by appendices):

- Chapter 1 – General Features of T2S, providing information on the configuration of parties, securities and accounts, the access to T2S, the T2S settlement day, the T2S application processes and the possible actions of the T2S Operator;
- Chapter 2 – Dialogue between T2S and T2S Actors, providing a formalised description of the application-to-application by depicting the behaviour of T2S regarding the interactions with T2S Actors, i.e. when sending/receiving messages to/from the latter;
- Chapter 3 – Catalogue of Messages, describing in detail the set of ISO messages – customised to the specific needs of T2S – which are available to T2S Actors, in order to allow finding the information related to messaging which is necessary for establishing a functioning application-to-application communication with T2S.

In addition, the UDFS also provide key information to indirectly connected T2S Actors as regards the general features of T2S, in particular regarding the T2S behaviour as it may be seen from the point of view of an external Actor interacting with T2S.

Content of UDFS V1.0

The UDFS V1.0 have been prepared by the 4CB on the basis of the T2S User Requirements Documentation V5.0 released in February 2010 and on the GFS V4.0 issued in May 2010. The UDFS V1.0 have already benefited from a very valuable input coming from a very large panel of market

representatives that have cooperated very actively and positively with the Eurosystem for the preparation of this document. In particular, the UDFS drafting process has benefited from:

- The key contribution of the Message Standardisation Sub-Group (SGMS) of the T2S Advisory Group, which has participated in the definition and validation of the set of ISO messages covered by the UDFS V1.0;
- The contribution of a large panel of market representatives which have participated in several dedicated workshops organised by the Eurosystem in 2010 and 2011 and reviewed and commented 3 successive partial versions of the UDFS released in 2010; these comments have been particularly instrumental to make the UDFS scope as exhaustive as possible, shape the UDFS information in a way that meets users' expectations (document structure and navigability) and increase the acquaintance of the market with the T2S external specifications.

In addition to these direct contributions, the UDFS V1.0 have also capitalised on the outcome of several AG Sub-Groups and ad hoc work streams, such as the Corporate Actions Sub-Group which has clarified the market expectations regarding the settlement processing of corporate actions, as well as the market work stream which has specified future users' expectations as regards the organisation of the settlement day in T2S¹.

As a result, the version 1.0 of UDFS encompasses a set of 103 ISO messages, representing the vast majority of messages needed for T2S activities and covering the core T2S business. As such, the UDFS V1.0 allows launching the current market consultation in the perspective of the finalisation of UDFS V1.2.

However, due to recent evolutions in the scope of the T2S programme, the content of the UDFS V1.0 is not exhaustive. In particular, the UDFS V1.0 document is not covering the following elements:

- Additional messages:
 - besides the set of queries already present in the scope of the URD V5.0 and encompassed by the GFS V4.0, the 4CB have been asked in the course of 2010 to develop new messages for additional queries; although work has already been undertaken to design the new messages necessary for these queries, their finalisation following a well established workflow involving T2S Actors at the SGMS as well as SWIFT Standards and ISO20022 bodies has been materially impossible before the release of the UDFS V1.0; these additional messages will be available for the release of the UDFS V1.2;
 - the new messages submitted on 7th March 2011 by the SGMS to the T2S Advisory Group are currently subject to a detailed assessment ; they have consequently not been considered in the scope of UDFS V1.0. .
- User requirements evolutions currently under investigations: requests for URD changes recently discussed by the Advisory Group (e.g. account allocation, URD change requests linked to new messages) are obviously not covered by UDFS V1.0, as they are currently

¹ These contributions have allowed the 4CB integrating in UDFS V1.0 (i) the specific market demands for the restriction and settlement of corporate actions during night-time and (ii) the organization of the settlement day as detailed in the version 2.4 of the "Schedule of a settlement day in T2S" document released in November 2010.

submitted to a detailed assessment and hence still need to be agreed by the Advisory Group.

- Current discussions held under the umbrella of the Pricing Workshop and the volume estimates might also lead to changes in the flows of exchanges between T2S and the T2S Actors (messages/files vs. reports, management of the reporting during the night-time period etc).
- Technical connectivity: the on-going process for the selection of connectivity service providers does not allow the UDFS V1.0 detailing the technical aspects of the T2S connectivity features; such information will consequently be provided in a future version of the UDFS.

Consultation process and way forward

When analysing UDFS V1.0, readers are also invited to consider the comments already raised by market representatives during the early market involvement phase and the feedback provided by the 4CB in answer to these questions. Both comments and answers are available on the ECB website.

The 4CB consider that the early market involvement in the UDFS drafting process has already provided a solid ground for ensuring a smooth consultation process and hence finalising the UDFS V1.2 in due time by October 2011, as requested by the market for designing and building the information systems of future T2S Actors.