

Duplicate party BIC

T2 UTEST INC323097

TSWG, March 2022

- Between 26/01/22 and 28/01/22 the CLM/RTGS GUI in T2 UTEST was not available due to issues related to the existence of duplicate party BICs (BIC11)
- Note: The reference data set up in T2 UTEST follows a phased approach and no deadline by when the data must be set up was defined. At the very same time CLM/RTGS require complete and consistent reference data. Therefore, manual interventions on a daily basis are currently required anyway.
- During CBT, Level2 was already informed by 4CB that invalid data constellations (i.e. duplicate party BICs) lead to problems. For further details, please refer to MTRSG CN 001
- T2 requires a unique party BIC, especially for minimum reserve processing, while T2S allows to use the same party BIC for different parent BIC
- The Party BIC is the BIC11 identifying the party (see e.g. common component URD SHRD.UR.BDD.010). Owing to the fact that the BIC11 is to be used for identifying a party, the party BIC must be unique in CLM/RTGS across all currencies.

Agreed way forward

- In order to tackle the issue, the following way forward was defined
 - Short term solution:
Enhance the already existing manual workarounds and delete parties using a duplicate Party BIC without a party service link to CLM/RTGS (also related reference data like T2S DCAs are to be deleted) – workaround already in place
 - Medium-term solution:
4CB to investigate how to ensure that duplicate party BICs do not create an issue for the CLM/RTGS processing

Note: The short term solution is available and the workaround ensures that no duplicate party BICs (BIC11) are currently available in the CLM/RTGS data base.

Medium-term solution (1/3)

- The envisage solution foresees a combination of data corrections and software implementation

Software change to be implemented by 4CB (SDD-CN 61)

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Correction of data by Level2 CBs whenever possible

Medium-term solution (2/3) – SW change (SDD-CN 61)

- In very specific circumstances already existing parties (e.g. parties related to TIPS reachable parties or T2S-only participants) might be set up with the same party BIC (BIC11) as a separate CLM/RTGS party to be set up.
- Party data not in line with the guiding principle to have a unique party BIC (BIC11) will not be loaded into the CLM/RTGS local data model. It will be ensured during the data loading process in CLM/RTGS that each party BIC (BIC11) exists only once.
- Example: parties not working in CLM/RTGS (i.e. without party service link to CLM/RTGS) using the same party BIC (BIC11) as a party working in CLM/RTGS, i.e. which has an existing party service link to CLM and/or RTGS, and all reference data of this party like its T2S DCA will not be available in the CLM/RTGS data base.
- Note:
 - Inter-service LTs are only possible to/from accounts known in the CLM/RTGS data base
 - Mon Pol can only be applied to parties linked to CLM/RTGS

Medium-term solution (3/3) – Data correction

- Filtering operations are very resource intensive
- Level2 needs to ensure that the reference data to be filtered due to duplicate party BICs (BIC11) are reduced to the absolute minimum
- Central banks are invited to ensure to the extent possible that when setting up a party active in one of the TARGET settlement services the party BIC (BIC11) used is unique
- With regard to the already existing data the following is recommended
 - Delete e.g. “unused T2S only payment banks”
 - CBs to use different party BICs (BIC11) for the CB in T2 and the T2S only payment bank
 - Agree with other CBs under which CB a party BIC (BIC11) shall be used
 - In case of doubts, details can be checked in more detail

Additional information on data correction

- The focus of the data correction is on the T2S only parties
 - T2S only parties in UTEST which are not needed should be deleted
 - Incomplete configuration (i.e. in case interests / MR are applicable) should be finalised
 - Duplicates should be corrected as the T2S only parties have DCA/reference data which require a comprehensive filtering
- Already existing “duplicate“ TIPS reachable parties can be kept, but in case of new TIPS reachable parties it is recommended to avoid duplicate party BICs to the extent possible
 - Note: TIPS reachable parties do not have so many reference data to be filtered

Example on data filtering in CLM/RTGS

- There are two parties with identical party BICs:

Party ID	Party BIC	Party Type	Party Service Link
1234	BBBBBBBBBXXX	Payment Bank	TIPS Reachable Party
6789	BBBBBBBBBXXX	Payment Bank	CLM Account Holder

- Until the implementation of the SDD-CN 61 party 1234 will be filtered (i.e. not loaded into the CLM/RTGS data base) using a manual workaround
- After the implementation of the SDD-CN 61 party 1234 will be filtered (i.e. not loaded into the CLM/RTGS data base) automatically
- Party 6789 including its reference data will be loaded into the CLM/RTGS database