

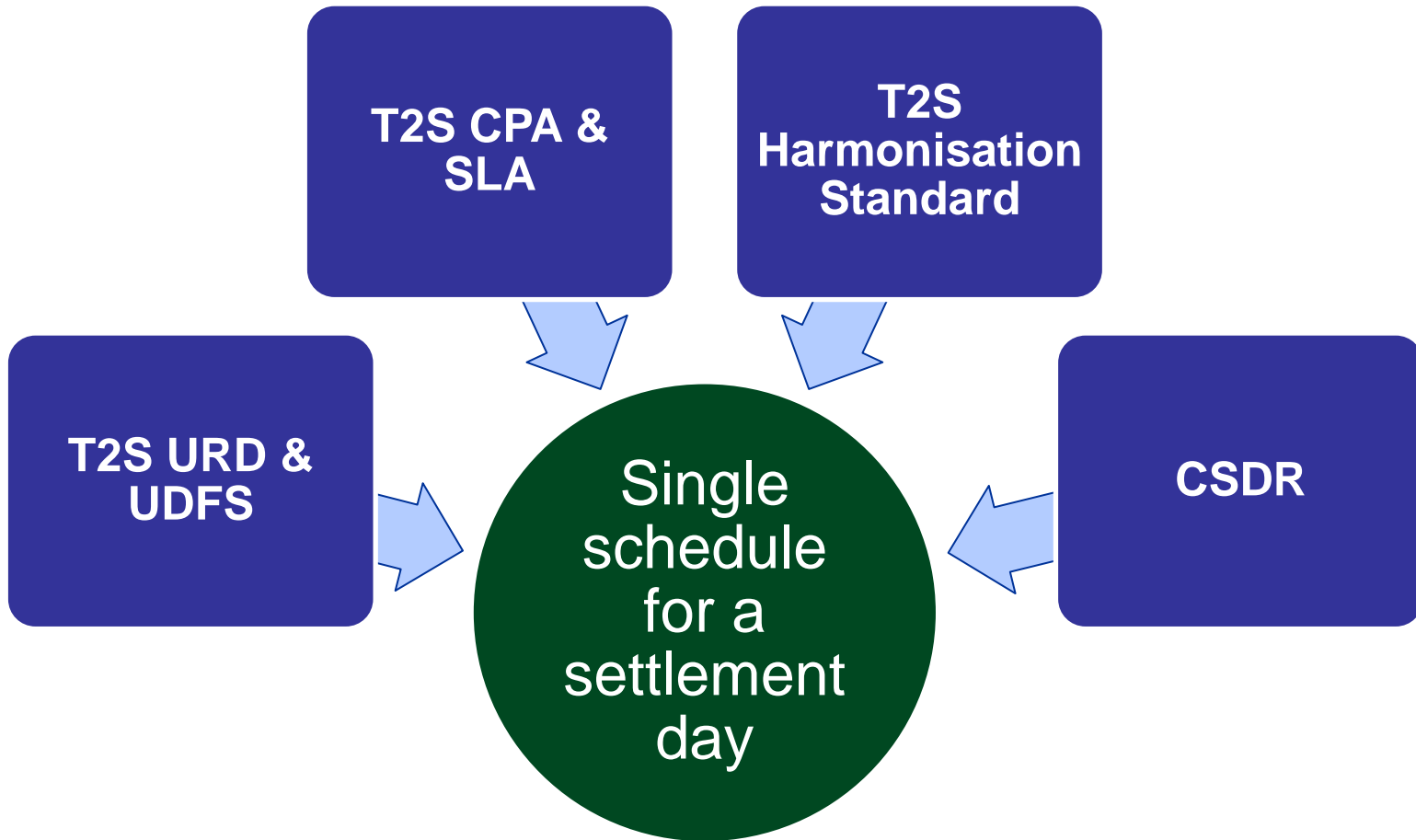


T2S Settlement day for non-euro

*2nd AMI-SeCo meeting, agenda item 2.2
4-5 July 2017, Frankfurt*

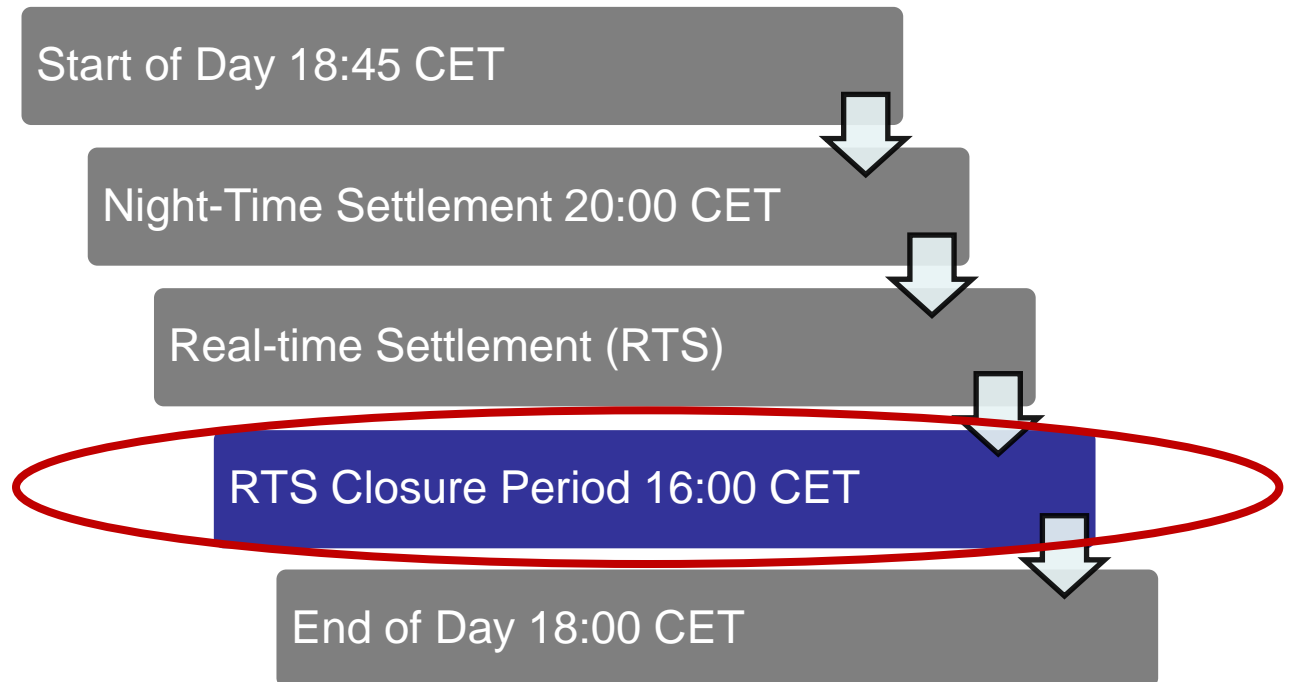
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- *Question: how to balance the harmonisation agreement on the single Schedule with the non-Euro currencies timetables?*
- *Example: the Danish NCB plans to implement an earlier cash sweep during the T2S Real-time settlement closure period?*
 - **Important:** *the periods of the single schedule for a settlement day in T2S remain common and currency-agnostic*

T2S Settlement Day high-level overview: **No changes!**



The Danish NCB plans to implement a single cash sweep in Kroner (instead of two for EUR) during T2S Real-time settlement closure period (between DVP cut-off 16:00 CET and End-of-Day 18:00 CET)

Real-time Settlement Closure

T2S Cut-off's	T2S (EUR) DCAs	T2S (DKK) DCAs
16:00 CET Single T2S DVP cut-off	Available for settlement of Central Bank Operations (CBO) and Bilaterally Agreed Treasury Management (BATM) instructions (if balances are not decreased at 16:30 CET)	Available for CBO and BATM
16:30 CET EUR optional/DKK mandatory Cash Sweep	Balances decrease to zero	Balances decrease to zero
17:45 CET EUR mandatory cash Sweep	Balances decrease to zero	



How is the Danish model compatible with the T2S standard on the settlement day?

MIB & HSG guidance

Giovannini barrier 7

- Deviation in the schedule for DKK (i.e. single cash sweep at 16:30 CET) does not jeopardise removal of the barrier

T2S Standard

- Could allow Non-EUR markets to implement a single cash sweep at the T2S Real-time closure (i.e. after single T2S DVP cut-off and before EoD)

T2S functionality

- Ready to support a single cash sweep with no operational risk (T2S release v 2.0 – T2S-CR 648)



Option 1 – Pragmatic approach (HSG & MIB recommendation)

- Clarification in the T2S harmonisation standard compliance criteria:

The T2S market/CSD operational model should ensure that:

- 1) the CSDs' securities accounts **in T2S are available for bookings (credits, debits, realignment, etc.) until the FOP cut-off** and NCBs' dedicated cash accounts in T2S are available for bookings **until the last cash sweep of the relevant currency throughout the whole T2S timetable (credits, debits, realignment, etc.);**

- Offers flexibility to Non-Euro NCBs while being compliant with the T2S standard
- No operational impact on the rest of the T2S community
- Settlement against payment in Kroner of BATM instructions available only until 16:30 CET

Option 2 - Rigid approach

- Non-Euro NBCs/markets assigned a “Red” status with the standard
- Avoids clarification of the T2S harmonisation standard compliance criteria
- Less flexibility for new markets/currencies to join T2S
- Significant adaptations by Non-euro NCBs even though no harmonisation benefit has been identified



- **In line with the initial guidance provided by the MIB, HSG proposed to the AMI-SeCo to:**
 - endorse the clarification of the compliance criteria of the T2S standard on the schedule for a settlement day (***Option 1 – Pragmatic Approach***)

Thank you for your attention

T2S STANDARD: T2S markets should be fully compliant with the T2S schedule for the settlement day and calendar, available on the T2S website.

In order to ensure consistency when monitoring implementation across T2S markets, it should be clarified that the status “full compliance” with the T2S schedule and calendar is achieved if the following conditions are met by the T2S market/CSD in question.

The T2S market/CSD operational model should ensure that:

1. the CSDs’ securities accounts (and NCBs’ dedicated cash accounts) in T2S are available for bookings throughout the whole T2S timetable (credits, debits, realignment, etc.);
2. settlement efficiency in T2S is not affected – for example, the T2S market/CSD will participate in the start-of-day processes and in the timely processing of corporate actions in a systematic manner;
3. all other T2S daytime (operating hours) and cut-off times are respected (delivery-versus-payment (DvP) cut-off, etc.);
4. CSDs provide directly connected parties (DCPs) with authorisation for connecting to T2S (where required and subject to the relevant T2S technical requirements).