General Information (Origin of Request)		
☒ User Requirements (URD) or GUI Business Functionality Document (BFD)		
☐ Other User Functional or Technical Documentation (SYS)		
Request raised by: Target Working Group	**Institute:** Working Group	**Date raised:** 21/10/2011
Request title: Securities account and T2S Dedicated Cash account to be defined by CSDs and NCBs		**Request ref. no:** T2S 0305 URD
Request type: Common	**Requestor Category:**	
Status: Approved by the AG	**Request Classification:** Modification	
Criticality (S,H,M,L): H	**Cost/Resource impact Indicator (+/-H, +/-M, +/-L)** *TBD*	
Business risk indicator (H, M, L): *TBD*	**Technical risk indicator (H, M, L):** *TBD*	

Description of Request:

There is a general consensus on the securities and cash side of the T2S community that account identifiers (for securities and cash accounts) should not be generated via a sequence number but rather chosen by the CSD and NCBs at the time of the account creation.

The Target Working Group has requested that the T2S Actors should be able to decide on the identification of their cash account: *"The principal function of account numbers is, of course, to provide identification for the accounts to which they relate but sometimes account numbers are also used for other purposes as well. A good example is IBANs (International Bank Account Numbers) which are sometimes used for routing purposes instead of the relevant BICs. However, the main problem we face with DCA account numbers is the requirement to establish quickly at a glance which are accounts of specific interest to a particular bank/institution. Such body may not necessarily be the account - holder but could be its parent or head office. A good example of this is the requirement for liquidity managers/treasurers working under pressure to identify at a glance accounts of interest to them. This could be achieved in various ways such as including some form of institution identifier. You may also be aware that a similar issue arose in connection with T2 cash accounts which was resolved by giving account holders the ability to incorporate discrete identifiers within account numbers for this purpose. We understand that DCA account numbers contain up to 35 characters which would appear to allow sufficient space to adopt a similar solution."*

Likewise, on the securities side, there was a similar request made by the CSDs during the GUI usability workshops. The new Securities Account's attribute "securities account number" is not a replacement of the attribute "Account reference", However, the "securities account number" could make the usage of the previous "account reference" superfluous, depending on how the CSDs would implement it. The removal of the attribute "Account reference" is in line with the GFS to use the market-specific attributes of a security account as a place to store additional information.

For consistency both securities and cash side will benefit from this change.

It is up to the market rather than T2S to decide how the IDs for the T2S securities account and T2S dedicated cash accounts will be allocated among the CSDs and NCBs respectively (and between themselves) in compliance with ISO standards.
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Reason for change / expected benefits / business case:

The expected benefit is to offer CSDs and NCBs the possibility to create the account number in T2S for their securities accounts and T2S dedicated cash accounts to avoid operational risk situations with potentially large consequences, e.g. choosing the wrong account number for entering an instruction. In addition it will allow a better usability of the identifiers and reduce the adaptation effort from the market.

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Proposed wording for the URD Change request:

Proposed Implementation Release: URD version 5.02

1. The requirement T2S.14.600 (Securities account reference data query) shall also be modified as follows:

Securities account reference data query

Reference ID	T2S.14.600

T2S shall provide a securities account reference data query that supports the following selection criteria:

- system entity identifier;
- party identifier;
- securities account ~~identifier~~ <u>number</u>;
- the CSD of the party
- BIC of party holding the securities account;
- party type holding the securities account;
- securities account open-from date – open-to date;
- securities account closed-from date – closed-to date;
- securities account status;
- T2S account type;
- ~~account reference~~
- end investor account flag.

The query shall output all the attributes of the securities account reference data.

2. The requirement T2S.16.590 (Securities Account) should be modified as follows:

Securities account

Reference ID	T2S.16.590

Securities account reference data specify all information required for defining and processing a securities account in T2S. In some direct holding markets, account operators open and close end-investor accounts directly in the systems of the CSD. Securities accounts in T2S must be opened and closed through the CSD to ensure the consistency and integrity of securities account reference data between the systems of the CSD and T2S. This can be an automated process. When the CSD system opens an account, it will immediately trigger the opening of the account in T2S. The same applies for the closing of an account. <u>The CSDs shall define their account numbers themselves. T2S shall ensure that the account number is unique at the time of creation. It shall not be possible to modify the securities account number.</u>

Table 16-15 - List of Attributes for the Securities Account Entity

Attribute	Description
Securities account identifier	This attribute shall define the unique technical identifier of a securities account in T2S.
System entity identifier	This attribute shall specify the entity identifier of the CSD with which the party of the securities account has its contractual relationship. This attribute shall qualify the code type in order to ensure uniqueness for cases where a financial institution has a relationship with more than one CSD.
<u>Securities</u> Account ~~Reference~~ <u>number</u>	~~This data item shall provide the user with an optional text field to enter a description, name or reference~~. <u>This attribute shall define the unique securities account number. It is provided by the CSD</u> ~~(or party authorised)~~ <u>at the time of the securities account creation and should be in line with ISO20022 specifications for securities accounts. T2S shall check uniqueness of the provided account number.</u>
Open/Close Status	This attribute shall define the business status of the account. It shall determine the business processing allowed for the account in T2S. T2S shall not use this status field for temporarily restricting an account from settlement processing.
Opening Date	This attribute shall specify the date as of which a securities account is legally opened by the CSD.
Closing Date	This attribute shall specify the date as of which a securities account is legally closed by the CSD.
Market-Specific Restriction Identifier	This attribute shall specify the identifier for the market specific restriction, which determines the relevant rules for the processing the account in T2S.
Hold/Release Default	This attribute shall specify the default setting of specific securities settlement instructions received for the account (e.g. stock exchange trades from Frankfurt Stock Exchange).
Negative Position	This attribute shall define whether the securities account can hold a negative position in a security. Certain types of CSD technical accounts, such as issuer accounts, must have the capability to store negative values.
T2S Account Type	This attribute shall classify the account for the maintenance of CSD account links. It shall allow the following values: - CSD participant account - CSD mirror account - Inter-CSD account - T2S technical offset account (for direct holding markets) - CSD Omnibus account - Issuance account

End Investor Account Flag	This attribute shall provide the user with an option to specify additional flags for the Securities Account (e.g. End Investor Account in direct holding market).

3. The requirement T2S.16.600 (T2S Dedicated Cash Account) should be modified as follows:

T2S Dedicated Cash Account

Reference ID	T2S.16.600

The T2S Dedicated Cash Account entity shall specify the T2S dedicated cash accounts of payment/settlement banks in T2S.

The entity

- shall link the T2S dedicated cash account to the relevant RTGS account for the automated end-of-day reimbursement;
- and shall provide the reference link to the payment/settlement bank or NCB that owns the account and the NCB as system entity that operates the account

The NCBs shall define their account numbers themselves. T2S shall ensure that the account number is unique at the time of creation. It shall not be possible to modify the T2S dedicated cash account number.

Table 16-19 - List of Attributes for the Entity T2S Dedicated Cash Account

Attribute	Description
System Entity Identifier	This attribute shall specify the entity identifier of the NCB that operates the T2S dedicated cash account.
Party Identifier	This attribute shall be the unique technical party identifier of the payment bank that owns the T2S dedicated cash account.
T2S Dedicated Cash Account Identifier	This attribute shall specify the unique technical identifier of the T2S dedicated cash account in T2S.
T2S Dedicated Cash Account number	This attribute shall define the unique T2S dedicated cash account number. It is provided by the NCB (or party authorised) at the time of the dedicated cash account creation and should be in line with ISO20022 specifications for cash accounts. T2S shall check uniqueness of the provided account number.
Currency	This attribute shall specify the currency of the T2S dedicated cash account.
Floor Notification Amount	This attribute shall specify the lower threshold for notifying the cash manager. If the balance of the T2S dedicated cash account falls below this amount, then T2S immediately informs the liquidity manager of the account owner.
Ceiling Notification Amount	This attribute shall specify the upper threshold for notifying the cash manager. If the balance of the T2S dedicated cash account exceeds this amount, then T2S immediately inform the liquidity manager of the account owner.
Account Status	This attribute specifies the current business status of the T2S dedicated cash account (e.g. open or closed).
Opening Date	This attribute shall specify the date that the payment bank opens the T2S dedicated cash account.
Closing Date	This attribute shall specify the date that the payment bank closes the T2S dedicated cash account.
RTGS Account Number	This attribute shall specify the RTGS account linked to the T2S dedicated cash account.

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Submitted annexes / related documents:

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High level description of Impact:

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Outcome/Decisions:

* Interim-CRG meeting on 26 Jan 2012:

Decision was postponed to the next Interim-CRG meeting after information on the cost/timing impact of the CR is provided.

* Interim-CRG meeting on 23-24 Feb 2012

Recommendation for approval

* Advisory Group meeting on 27 March 2012:

Approval of change request