

General Information (Origin of Request)		
<input type="checkbox"/> User Requirements (URD) <input checked="" type="checkbox"/> Other User Functional or Technical Documentation (SYS)		
Request raised by: CASG, NBB-SSS	Institute: ECB	Date raised: 25/07/2012
Request title: Allow instructions from CSDs with ISD on/after maturity date		Request ref. no: T2S 0348 SYS
Request type: Common	Urgency: Normal	
1. Legal/business importance parameter: High	2. Market implementation efforts parameter: Low	
3. Operational/Technical risk parameter: High	4. Financial impact parameter: Low	
Requestor Category: ECB	Status: Authorised at Steering Level	

Reason for change and expected benefits/business motivation:

CASG:

Several CSDs have raised a concern on the business validations in T2S restricting investor CSDs to instruct corporate action (CA) related settlement instructions in T2S with intended settlement date (ISD) on or after the maturity date of an ISIN. This change request is drafted based on a mini-consultation of the Corporate Actions Sub-Group (CASG) and its guidance on this issue.

CSDs can configure to receive end of day (EOD) positions report from T2S as of record date of the CA (payment date – 1). CSDs would calculate CA proceeds and prepare CA related settlement instructions to T2S, normally based on this report they receive during the EOD. In case of redemption events, CSDs send the related settlement instructions on the ISIN to T2S during the start of day (SOD) of the maturity date (which is same as payment date), with ISD as maturity date.

In certain circumstances, the CSDs may require to send CA related settlement instructions to T2S after the maturity date of an ISIN. E.g. maturity date of an ISIN is not a T2S business day and a CSD executes the redemption event on the following T2S business date; or an issuer CSD has not received cash proceeds for redemption event from the issuer/ issuer agent on the maturity date, the CSDs execute the redemption event after the cash proceeds are available i.e. after the maturity date.

The implementation of the changes will allow investor CSDs to have the same level of services as the issuer CSDs/ technical issuer CSDs in T2S. The investor CSDs shall be able to instruct and settle corporate actions related settlement instructions in T2S irrespective of the maturity date of an ISIN allowing all CSDs to handle exceptional scenarios properly on and even after the maturity date, if needed. This is without prejudice to the ability of Securities Maintaining Entities to logically delete ISINs in T2S after which all new instructions on that ISIN will be rejected in T2S (See T2S.16.050 and T2S 16.060 of URD).

NBB-SSS:

The CSD may require to make corrections to the market claim transactions that were already settled. The CSD could make these corrections even after the maturity date of the ISIN. So all CSDs shall be able to send settlement instructions to T2S after the maturity date of the ISIN, with ISD after maturity date of the ISIN and shall be able to settle them in T2S. So the PFOD instructions (for cash market claims) or the DWP instructions (for securities market claims) sent by any CSD (and not limiting to the technical issuer CSD only) after the maturity date of the ISIN, with an ISIN after the maturity date, shall be accepted by T2S system.

Description of requested change:

CASG:

As per UDFS 1.2.1, only technical issuer CSDs and issuer CSDs are allowed to instruct settlement in T2S with ISD on or after the maturity date of an ISIN (related business validations are: MVIC309, MVIC311, MVIC313).

It is required that ***all CSDs should be allowed to instruct settlement on or after the maturity date with ISD on or after the maturity date of an ISIN.***

The change will allow the investor CSDs as well to process all kinds of necessary activities on their accounts even on or after the maturity of the related ISIN and thus caters for all types of exceptional scenarios.

Submitted annexes / related documents:

Proposed wording for the Change request:

CASG:

In UDFS 1.2.1, relevant sections (e.g. business validations, example of validations) should be revised, to allow all types of CSDs to instruct settlement instructions to T2S on or after the maturity date of ISINs with ISD on or after the maturity date of an ISIN.

High level description of Impact:

Outcome/Decisions:

- CRG meeting of 1-2 October 2012: The CRG decided to request the detailed assessment of the change request.
- CRG meeting of 3 December 2012: The CRG proposed that the Change Request should be submitted to the T2S Steering levels for approval.
- CSG meeting of 13 December 2012: The CSG adopted the resolution to approve the Change Request.
- Advisory Group's advice on 20 December 2012: Following a written procedure, the AG was in favour of the Change Request.