

General Information (Origin of Request)		
<input checked="" type="checkbox"/> User Requirements (URD) <input checked="" type="checkbox"/> Other User Functional or Technical Documentation (SYS)		
Request raised by: Euroclear	Institute: CSD	Date raised: 31/07/2012
Request title: Link multiple collateral receiving accounts to a single DCA		Request ref. no: T2S 0376 URD
Request type: Common		Urgency: Normal
1. Legal/business importance parameter: (C, H, M, L) H	2. Market implementation efforts parameter: (H, M, L)	
3. Operational/Technical risk parameter: (H, M, L)	4. Financial impact parameter: (H, M, L) <i>(to be filled in by 4CB)</i>	
Requestor Category: CSD	Status: Rejected by Change Review Group	

Reason for change and expected benefits/business motivation:

For each settlement currency, T2S enables a T2S dedicated cash account holder to settle all its instructions with all CSDs participating in T2S on one single T2S dedicated cash account. This would allow a client to centralise its liquidity in a single DCA. However, if the client wishes to use auto-collateralisation offered by its CB for settlement of instructions in multiple CSDs in T2S and no CSD link exists between the home CSD and the issuer CSD, clients cannot use a single DCA.

Indeed when no CSD link exists between the home CSD and foreign CSD, the CB may either open securities accounts in the foreign CSD (subject to derogation) or request the correspondent CB in foreign CSD market to receive collateral on its behalf.

These scenarios result in the need to specify collateral receiving securities account based on the location of collateral providing account.

To support the business model of using a single DCA for centralised cash management, there is a need to link multiple collateral receiving accounts to the DCA. This will enable the payment banks to source collateral from multiple CSDs for CB auto-collateralisation. In the absence of this option a payment bank will be forced to have a separate Dedicated Cash Account for each (one-to-one relationship) CSD where it holds collateral, leading to fragmentation of its liquidity.

Description of requested change:

T2S shall allow clients and central banks to use a single Dedicated Cash Account linked to multiple collateral receiving account across-CSDs. This would allow clients to efficiently centralise their liquidity on a single Dedicated Cash Account.

Submitted annexes / related documents:

Proposed wording for the URD Change request:

Impact of the change request on Chapter 16 on the UR describing the Credit Memorandum Balance for a new T2S DCA

Credit Memorandum Balance for a new T2S dedicated cash account of a payment/settlement bank

Reference ID	T2S.16.611
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T2S shall allow the creation of a credit memorandum balance for a new T2S dedicated cash account (DCA). When triggering the creation of the CMB, the NCB user can provide the following (optional) parameters:

- T2S central bank cash account (providing intraday credit to the T2S DCA)
- Intraday collateral receiving securities account (one or more, dependent on the location of collateral providing securities account).
- Regular collateral securities account

High level description of Impact:

Outcome/Decisions:

CRG meeting of 1-2 October 2012: The Change Request is discarded.