

<b>General Information (Origin of Request)</b>		
<input type="checkbox"/> User Requirements (URD) <input checked="" type="checkbox"/> Other User Functional or Technical Documentation (SYS)		
<b>Request raised by:</b> Migration Sub-group	<b>Institute:</b> ECB	<b>Date raised:</b> 28 November 2012
<b>Request title:</b> Implementation of mitigation measures to reduce the risk that pending instructions with an ISD in the past cannot be migrated		<b>Request ref. no:</b> T2S 0387 SYS
<b>Request type:</b> Common		<b>Urgency:</b> (Normal, Fast-track)
<b>1. Legal/business importance parameter:</b> Critical	<b>2. Market implementation efforts parameter:</b> Low	
<b>3. Operational/Technical risk parameter:</b> High (if not implemented)	<b>4. Financial impact parameter:</b> (H, M, L)	
<b>Requestor Category:</b> T2S Sub-group	<b>Status:</b> Withdrawn by the initiator	

**Reason for change and expected benefits/business motivation:**

With the migration to T2S CSDs will switch off parts of their legacy settlement systems. Therefore any settlement instruction that is not settled before the migration weekend (i.e. is unmatched, pending, etc.) needs to be migrated to T2S as part of the migration activities. CSDs have raised the fact that the intended settlement date (ISD) is legal information that cannot be amended by them.

Some validations on the T2S platform require a specific setup for static data objects already in the past to allow settlement instructions with an intended settlement date (ISD) in the past to be successfully validated by T2S. For instance the following conditions must be fulfilled **on the ISD in the past** (i.e. for a date before the migration weekend):

- The parties to the settlement must exist and be open for settlement.
- The securities account(s) must exist and be open for settlement.
- The DCA(s) for settling the cash leg must exist and be open for settlement.
- The securities accounts and DCAs need to be properly linked.
- The security must exist and needs to be available for settlement in the relevant CSDs.
- The involved CSDs must allow settlement with each other for the security.

The MSG acknowledges, that the Eurosystem proposed as a workaround to perform the necessary setup activities earlier in the pre-migration phase and for instance open accounts earlier and that this approach could cover a majority of instructions that are pending for a short period only, while the rest has to be handled probably in a manual way outside T2S. However, the MSG sees high risks in this approach, as configuration mistakes or other external factors that would require a change to the static data configuration during the pre-migration phase would very likely lead to a situation that a larger number of pending instructions cannot be migrated and thus the migration weekend would have to be cancelled.

**Description of requested change:**

The purpose of the change is to implement a mitigation measure to the risk described above to ensure that pending instructions can in any case be migrated. The MSG has identified three high-level options to mitigate this risk:

- The related validations of the T2S platform are removed.
- The related validations are not applied for instructions with an ISD before the migration date of the relevant CSD.
- CSDs and NCBs can setup static data objects (e.g. securities accounts and DCAs) with an opening date in the past, either directly on the platform or at least via the data migration tool (DMT). Without limiting the period for the opening date in the past.

**Submitted annexes / related documents:**

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**Proposed wording for the Change request:**

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**High level description of Impact:**

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**Outcome/Decisions:**

- CRG Telco on 10 December 2012: The CRG recommended to park the CR for a next T2S release, and to re-open it if the Migration Sub-group is able to provide solid business case in terms of instruction volumes not covered by the proposed workaround.
- CSG meeting of 13 December 2012: The CSG decided to hold the CR.
- Migration Sub-group meeting of 22-23 January 2013: The MSG concluded that there is not a solid business case that supports this Change Request in terms of instruction volumes and withdrew the Change Request.