

1. General Information

CR Raised by: T2S Project Team **Institute:** ECB **Date Raised:** 27/01/09
Change Request Title: Enhancement of the cash forecast query **CR Ref.:** T2S URD 155

Change Request Classification: Clarification
(Typo, Consistency, Clarification, Substance) **Status:** Approved by the AG

Change Type: Modification
(New Requirement/Modification/Deletion) **Requestor Category:** T2S Project Team
(User, 4CB, ECB T2S Project Team)

Chapter Number/Annex Number: Chapter 14 **Req No:** T2S.14.800, T2S.14.880, T2S.14.890,
T2S.14.900, T2S.14.910, T2S.14.920

Priority (S,H,M,L): M **Proposed Implementation Date/Release:** Version 4.2

Description of Requested Change:

It must be possible for a T2S party to query a cash forecast for the current business day and the following business day. The current requirements T2S.14.890, T2S.14.900, T2S.14.910 and T2S.14.920 do not provide sufficient detail as to the query parameters, query outputs and sums. Furthermore, T2S.14.880 is redundant with the requirements specified under section for cash forecast.

Reason for Change / Expected Benefits / Business Case:

The consolidation of requirements as well as the removal of redundancies will eliminate duplications and possible contradictions in the requirements. The CR would also eliminate gaps in the existing specification regarding the information that a user can query by and output that the query will provide.

Submitted Annexes / Related Documents:

Proposed wording for the Change Request:

1. Merging of requirements T2S.14.890, T2S.14.900, T2S.14.910 and T2S.14.920 into T2S.14.890 as documented below:

T2S.14.890 ~~Providing information on cash needs~~ Cash forecast query

~~T2S shall provide T2S actors the ability to receive information on cash needs for transactions pending settlement during the current settlement window, as well as cash forecasts for the following settlement days.~~

The cash forecast query shall enable an authorised T2S System User of an NCB or T2S Party (settlement bank/ payment bank) to determine on demand for a combination of T2S Party and intended settlement date the expected cash balances.

The query shall provide the following parameters:

- T2S Party (Mandatory)
- Settlement currency (must be a valid T2S settlement currency if entered)
- Intended settlement date (must be current settlement date or current settlement date plus 1 business day)

The settlement date of the query must always be the current settlement date or current settlement date plus 1 business day. If settlement date is not specified, then it shall be assumed to be the current settlement date

When a T2S party (i.e. a NCB/ settlement bank/ payment bank), requests for cash forecast at a party level, then the query shall output a forecast for all the T2S party's T2S dedicated cash account.

Per T2S dedicated cash account, the query shall

- I. Determine the cash available on the T2S dedicated cash account;
- II. Calculate the sum of liquidity transfer orders and settlement instructions (accepted, matched, unsettled, ineligible) on the T2S dedicated cash account;
- III. Determine the amount of outstanding intraday credit from auto-collateralisation for the T2S dedicated

cash account;

IV. Calculate the sum I, II and III.

The query shall be available throughout the daytime settlement window.

2. Removal of requirement T2S.14.880 (End-of-Day Cash Balance)

T2S.14.880 End-of-Day Cash Balance

The amount of the expected end-of-day cash balance should be provided in order to support the management of the end-of-day cash balance on the RTGS account taking into account (i) cash available on the different T2S dedicated cash accounts of a payment bank, (ii) liquidity transfer orders/instructions not settled, and (iii) intraday credit stemming from auto-collateralisation outstanding. This kind of information will be useful, especially close to the end-of-day. It will help payment bank treasurers properly manage RTGS account balances in order to fulfil minimum reserve requirements, by making it easier for them to estimate RTGS account balances after the retransfer of cash between TARGET2 and T2S dedicated cash accounts.

3. Removal of requirement T2S.14.900 (Current Settlement Day Query)

T2S.14.900 Current Settlement Day Query

T2S Actors should be able to query throughout the day-time settlement process. T2S should have the ability to return information on cash needs stemming from valid and eligible transactions (i.e. matched and ready for settlement) that have already been entered into T2S but have not yet settled (i.e. pending transactions that failed to settle in an earlier attempt and queued transactions that have not yet been submitted to settlement).

4. Removal of requirement T2S.14.910 (Information on cash needs for Following Settlement Day)

T2S.14.910 Information on cash needs for Following Settlement Day

During the day-time settlement process, T2S shall provide T2S actors with the ability to receive cash forecasts for the following settlement days.

5. Removal of requirement T2S.14.920 (Following Settlement Day Query)

T2S.14.920 Following Settlement Day Query

T2S actors should be able to query Cash forecasts for Following Settlement Days throughout the day-time settlement process. T2S shall send back all information available in T2S at the time the query is processed. Such cash forecasts shall reflect cash needs and proceeds expected from the settlement of corporate actions and trading-related transactions (eligible for settlement) for each following settlement day, as well as the liquidity that can be obtained through auto-collateralisation against eligible collateral. Cash forecasts shall be enriched continuously during the day with additional incoming information on new transactions for the following settlement day and failed transactions that need to be recycled during the following settlement day.

Outcome of meetings:

*SG Meeting of 5/6 March 2009

Postponed to the next URM sub-group due to the lack of time.

* SG Meeting of 28 May 2009:

Recommendation to the AG: Approval

* AG meeting on 15 June 2009

Approval of SG recommendation