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| 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: Operations Managers Group | Institute: ECB | Date raised: 12/01/2014 |
| Request title: Apply Static Data changes immediately in production | | Request ref. no: T2S 0447 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: Medium | |
| Requestor Category: T2S Sub-group | Status: Authorised at Steering Level | |

Reason for change / expected benefits / business case:

Some static data objects can be created or changed but only become effective as of the next business day. Consequently, a missing configuration or an error in the update of such static data can be corrected immediately; however the correct data only becomes effective the next business day. Without a possibility to apply these changes immediately, a discrepancy in such a static data object could lead to unwished consequences such as the incorrect processing of settlement transactions. To overcome such situation, it should be possible for the T2S Operator to update the static data objects specified in the below list to ensure that those changes, once applied become effective immediately.

In combination with the immediate application of a change by the T2S Operator in exceptional circumstances, the CSDs/CBs requesting the static data update needs to ensure the consistency of dynamic data, prior to the change. Given the potential misconfigurations and different circumstances of impacted instructions, parties and accounts, an automated process to correct dynamic data would make this change request far too complex and potentially create unwished results. Actually the solution used can be similar to the one retained for CR 433, i.e. the use of script for the update of static data and the management of the consistency of dynamic data by the CSDs/CBs (e.g. cancellation of pending instructions, reimbursement of reverse collateral, emptying positions...).

The MOP procedure "Manual Intervention for Static Data Misconfiguration" will describe the procedure to follow to request the correction of such static data objects.

Description of Request:

In case of misconfiguration on any of the below static data objects, the T2S Operator shall be in a position to perform the required actions to correct the misconfiguration with immediate effect.

List of static data objects:

- Creation and update of Eligible counterpart CSD link
- Update of Securities
- Update of Security CSD link
- Creation and update of CSD account link
- Creation and update of CMB securities account link
- Creation and update of Message subscription rule set, Message subscription rule
- Creation and update of Report configuration
- Creation and update of Restriction type, Restriction type rule

The CSDs and Central Banks will be in charge of ensuring the consistency of dynamic data as part of the relevant operational procedure.

Submitted annexes / related documents:

Proposed wording for the SYS Change request:

See attachment to this Change Request

Outcome/Decisions:

- * CRG meeting of 10 February 2014: The CRG decided to put the Change Request on hold and wait for further clarifications from the OMG.
- * CRG Telco of 14 March 2014: The CRG agreed to make some minor changes in the wording of the Change Request for clarification purposes, and decided to launch the detailed assessment on the updated Change Request.
- * CRG meeting of 16 July 2014: The CRG decided to put the Change Request on hold and agreed that a Task force could be set up with members from the CRG and OMG to identify those business situations in case of a wrong static data configuration that would have serious impacts if they happen in T2S operations.
- * CRG meeting of 8 September 2014: The CRG agreed to make some minor updates on the Change Request and recommended to launch the detailed assessment on the updated Change Request.
- * Advisory Group's advice on 2 October 2014: Following a written procedure from 25 September to 2 October 2014, the AG was in favour of launching the detailed assessment on the Change Request.
- * CSG resolution on 2 October 2014: Following a written procedure from 25 September to 2 October 2014, the CSG was in favour of launching the detailed assessment on the Change Request.
- * CRG meeting of 17 November 2014: The CRG recommended the approval of the Change Request. The CRG also agreed to disassociate the presentation entitled 'Identification of actions needed to ensure the consistency of dynamic data' from the detailed assessment of the Change Request as the operational procedures are under the sphere of the OMG.
- * Advisory Group's meeting on 26-27 November 2014: The AG was in favour of the Change Request.
- * CSG resolution on 28 November 2014: The CSG adopted the resolution to approve the Change Request via written procedure.

EUROSYSTEM ANALYSIS – GENERAL INFORMATION

| | | | | | |
|------------------------------|----------------------------------|---|--|---------------------------------|--|
| Impact On T2S | Static data management | | Interface | | |
| | | Party data management | X | Communication | |
| | | Securities data management | | Outbound processing | |
| | | T2S Dedicated Cash account data management | | Inbound processing | |
| | | Securities account data management | | | |
| | X | Rules and parameters data management | | | |
| | Settlement | | Liquidity management | | |
| | X | Standardisation and preparation to settlement | | Outbound Information Management | |
| | | Night-time Settlement | | NCB Business Procedures | |
| | | Daytime Recycling and optimisation | | Liquidity Operations | |
| | | Daytime Validation, provisioning & booking | LCMM | | |
| | | Auto-collateralisation | | Instructions validation | |
| | | | | Status management | |
| | Operational services | | | Instruction matching | |
| | | Data Migration/Support tools | | Instructions maintenance | |
| | | Scheduling | Statistics, queries reports and archive | | |
| | | Billing | | Report management | |
| | | Operational monitoring | | Query management | |
| | | | | Statistical information | |
| | | | | Legal archiving | |
| | | All modules (Infrastructure request) | | | |
| | | No modules (infrastructure request) | | | |
| | X | Business operational activities | | | |
| | Technical operational activities | | | | |

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|---|--|--|-------|--|
| Impact on major documentation | | | | |
| Impacted GFS chapter | Update & creation for Replication (Settlement) | | | |
| Impacted UDFS chapter | | | | |
| Additional deliveries for Message Specification | | | | |
| UHB | | | | |
| Internal training materials | | | | |
| External training materials | | | | |
| Other documentations | Support to MOP drafting | | | |
| Links with other requests | | | | |
| Links | Reference | | Title | |

| Overview of the impact of the request on the T2S system and on the project |
|---|
| Summary of functional, development, infrastructure and migration impacts |
| <p>Caveat: The solution proposed with this CR is based on the assumption that the frequency of these additional requests for propagating SD intraday is very seldom, as stated in the Attachment of the change request provided by the OMG.</p> <p>Furthermore as stated in the CR the solution used is similar to the one retained for CR 433, i.e. the use of script for the update of static data and the management of the consistency of dynamic data by the T2S Actor (e.g cancellation of pending instructions, reimbursement of reverse collateral, emptying positions...).</p> <p><u>As a consequence, it has to be ensured that the intraday update functionality is only used in case of crisis, as the standard procedure for static data updates is foreseen to be handled in advance to the relevant business day.</u></p> <p>The handling is in the responsibility of the OT and can therefore not be executed by the other T2S Actors alone.</p> <p>1- Static Data Management</p> <p>With CR433, dates for select entities are moved to let T2S Operator perform the change. This should be extended to "Report Configuration" entities which are not covered by CR433. Furthermore, the SDMG extraction procedure shall be adjusted in order to cope with the contingency scenarios envisaged by CR433 and CR447.</p> <p>2- Settlement</p> <p>Several functionalities are currently triggered at SOD in order to propagate static data change into Settlement and guarantee the consistency of the settlement with these static data (static data currently defined in the UDFS as taken into account by the Settlement process as of the next business day).</p> <p>These functionalities are:</p> <ul style="list-style-type: none"> - Replication of static data - Securities position valuation - Creation of auto-collateralisation templates <p>This CR impacts these functionalities in order to allow their triggering intraday thru Last Level Intervention (LLI) procedures upon update of the relevant static data (NB: the intraday propagation of static data in Settlement will also embark any other static data update already available to be replicated on D+1 at SOD period in Settlement).</p> <p>With CR 433, these impacts have not been included (LLI not needed when stepping back to earlier migration steps and in any case LLI expected to be discussed and identified with CR 447).</p> <p>On top of these functional impacts, still remains for the T2S Actors – with the support of the T2S Operator- to perform some procedures in order to ensure the consistency with the dynamic data pending or already settled (when relevant). As such this CR includes the workload needed to finalize those procedures (roughly described in this CR) and to test them.</p> <p>The solution proposed with this CR covers as well the ability to perform (i) an intraday update of CMB Securities account link and (ii) an intraday delete of Security CSD link.</p> <p>Last this CR has assessed and confirmed that the intraday static data updates - that may occur together with the intentional intraday updates and propagation into Settlement covered with this CR- have no additional inconsistencies to be addressed by the procedures.</p> <p>3- LCMM</p> <p>The Change request envisages the use of scripts to modify static data, therefore no automatic revalidation will be triggered and the consistency between dynamic data and static data will be ensured by the users (through cancellations and amendments).</p> <p>Additionally, as LCMM access to the latest available static data information, after the scripts are performed, the new incoming instructions will be validated against the corrected static data without a need for SD propagation in LCMM.</p> <p>As mentioned above, since operational procedures should also be put in place in order to ensure the consistency between Static and dynamic data, the LCMM assessment includes the workload needed to finalize and test them.</p> <p>4 – Other modules</p> <p>Intraday update for message subscription is already possible without this CR. Therefore only Report Configuration update will be taken into account on the basis of this CR.</p> |

The OT has to trigger and manage the relevant activities to (re-)execute some steps in the settlement day (SD extraction, SD replication in various components, re-insertion of an event that triggers the new SD load.) using ordinary tools but in an abnormal situation scope.

The above mentioned change handling and the respectively required propagation of changes does not allow/require change of behavior for the previously processed data or reprocessing of these flows. This means, that the sentence *"After the propagation T2S should operate as if these configurations would have been configured as of the start of the business day."*

does not require a second processing of already sent messages due to message subscription set up change or a diverging routing due to changes in routing configuration. It does also not start a report generation for events executed before the configuration change.

From a functional perspective Interface, Liquidity Management, Query Management and Billing do always rely on the information which is currently available in the application

According to the current version of the document their search criteria and returned data or data model remain unchanged.

Interface : no impact (technically due to above mentioned SD replication standard process)

Liquidity Management: no impact

Reports: no impact (technically due to above mentioned SD replication standard process)

Thus, it may happen that a report is configured for a business or time event which already occurred at the current business day, but no report is created for the current business day. This is, because the change of the report configuration would not trigger a re-creation of the report.

Similarly, if a report configuration was deleted by the OT during the day and effective for the current business but, but the report was created already: this report would still be considered as previous report for delta reports of the current business day.

Reports which were generated on the basis of the data available before the above mentioned changes remain in the application and are used as a basis for the potentially following delta reports. Reports, which should have been generated in case the changed configuration would have been available when the configured event is executed, are not generated for this day.

The handling of static data reports remains unchanged. This means only changes on which the standard change documentation is processed, will be reported.

Billing: no impact

It should be checked if the changes in SDMG-Entities (report configuration) are handled correctly within backend-module (not being affected by revalidation but due to intraday changes). As already mentioned the changes of SDMG entities have to be forwarded via technical event (SDMG loading) to INTF / REM. To check the process changes in report configuration and securities should be verified by test execution of reports (especially report on security data).

Attached to the detailed assessment: Identification of actions needed to ensure the consistency of dynamic data (PPT presentation)

Summary of project/operational risk

The envisaged procedure aims at mitigating the operational risks linked to the Last Level Support intervention in exceptional circumstances. The manual procedures will be performed both on Business side (partly from the clients) and on T2S Operator side (SLS/LLS) which raises a global risk of human mistake.

The market must be aware of the impacts of this procedure in order to clearly identify in the MOP under which conditions it is applicable. The 4CB will not accept liability in case of errors stemming from the T2S Operator intervention. Potential performance side-effect:

Due to the requirement that each ACO template must be validated the execution of Settlement process on the whole stock of ACO templates during the RTS phase (in the context of CR447) instead of SOD (in standard mode) could possibly have side effects on the overall performance of the system, namely on the real-time validation of incoming instructions in parallel. This potential impact need to be verified during 4CB internal tests.

Security analysis

No security impact (do not entail any additional costs related to the implementation of security controls).



T2S PROGRAMME OFFICE

ECB-PUBLIC

10 November 2014

COST ASSESSMENT ON CHANGE REQUESTS

| T2S-0447-SYS Apply Static Data changes immediately in production – Revised Version | | |
|---|------------|---------|
| Project phase costs (total) | 394,221.07 | in Euro |
| Running costs (annual average over cost recovery period) | 44,668.75 | in Euro |