

<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> VP SECURITIES	<b>Institute:</b> CSD	<b>Date raised:</b> 02/07/2015
<b>Request title:</b> CFI code and country of issuance of a security should be modifiable and CFI code should be compliant with the updated ISO standard 10962		<b>Request ref. no:</b> T2S 0534 SYS
<b>Request type:</b> Common		<b>Urgency:</b> Normal
<b>1. Legal/business importance parameter:</b> Medium	<b>2. Market implementation efforts parameter:</b> Low	
<b>3. Operational/Technical risk parameter:</b> Low	<b>4. Financial impact parameter:</b> Low	
<b>Requestor Category:</b> CSD	<b>Status:</b> Authorised at Steering Level	

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

UDFS refers to ISO 10962 as the standard for CFI (Classification of Financial Instruments).

ISO 10962 states that in case some of the information to set-up CFI is unknown, not available or applicable at the time of assignment, the character 'X' is to be used for the respective element. Therefore, it should be possible to change the CFI code in T2S if more information is made available during the lifecycle of an ISIN and the NNA substitutes value X with a more meaningful value.

In the ISO standard it is stated that:

**4.2 Existing CFIs and existing securities without a CFI**

Existing active CFIs assigned in accordance with previous editions of this International Standard will transition to the most recent edition.

The allocation of CFIs for existing financial instruments without a CFI shall be based on the most recent edition.

A new version of the standard (ISO/DIS 10962:2014(E)) is currently under evaluation (voting process ended 2015-01-01). At the Annual general meeting of ANNA (Association of National Numbering Agencies) held in Dublin 4+5.06.15 the work assumption for the new ISO standard is that it will be published in September 2015 with a latest implementation 1.01.2017 due to MiFID2 requirements. The new standard will lead to changes of CFI for quite a lot of existing ISINs and therefore the possibility to change CFI code in T2S should be available latest at the point of time where the new standard is made mandatory. To be consistent with the new standard, T2S must be updated according to this new version of the standard.

Additionally, currently it is not possible to change CFI or country of issuance of an existing ISIN in T2S and no feasible work around is in place. The only way of changing a CFI or country of issuance on an ISIN in T2S is by deleting the ISIN in question and then establish it again with the correct CFI or country of issuance. As such an operation requires all holdings on account in T2S in the ISIN in question to be deleted and re-established again after the ISIN has been set up in T2S again this cannot be used as a workaround due to the operational risk and impact.

Our understanding is that CFI is not used by the T2S system for any validations; however, when it has been decided to make this information mandatory for ISINs in T2S the content of the CFI in T2S should always be in line with the ISO standard (most recent edition). On the other hand, the country of issuance could be used by T2S in the validation of the Eligible Counterpart CSD. Given the urgency of implementing the Change Request, the Change Request will not cover the revalidation of settlement instructions upon a change of the country of issuance.

**Description of requested change:**

It should be possible to change CFI code and country of issuance of an existing security in T2S static data.

With regards to creation or maintenance of CFI of a security, T2S should be updated to adhere to the new version of the standard (ISO/DIS 10962:2015(E)). If required, SME CSD would assume the responsibility to update the CFI code of existing securities to comply with the new version of the ISO standard 10962 using the modification request.

The change of the country of issuance value will not trigger the revalidation of settlement instructions.

**Submitted annexes / related documents:**

**Proposed wording for the Change request:**

**General Functional Specifications**

**3.3.8.3 Description of the entities**

Modify description of the Security entity as follows:

ATTRIBUTE	DESCRIPTION
Fi	<del>Classification of the security according to ISO 10962 standard.</del> Classification of the security according to O/DIS 10962:2015(E) standards.

**User Detailed Functional Specifications**

**1.2.2.2 Concept of securities in T2S**

Modify text as follows:

T2S stores securities static data required for settlement purpose for all eligible financial instruments. T2S identifies securities by means of the International Securities Identification Number (ISIN) code, as defined in the ISO 6166 standard. Additionally, ~~T2S classifies securities by CFI (Classification of Financial Instruments, ISO standard 10962)~~ T2S classifies securities by CFI (Classification of Financial Instruments, ISO/DIS 10962:2015(E) standards).

**3.3.6.2 SecurityMaintenanceRequest V01 (reda.007.001.01)**

Introduce the new modifiable items in the message and relate them to BR DSU1400 and DSU1410:

**Modify**

This building block is optional and non-repetitive. It contains detailed information related to the attributes to be updated for the security. It includes the following elements:

- | Long and short names with related starting validity date;
- | Denomination currency;
- | Maturity or expiry date;
- | Issue date;
- | ISIN with related starting validity date;
- | Restriction information;
  
- | Security quantity type;
- | Minimum denomination quantity;
- | Minimum multiple quantity;
- | Market-specific attributes-;
- | CFI;
- | Country of Issuance.

MESSAGE ITEM	DATA TYPE/ CODE	BUSINESS RULES
<u>ClassificationFinancialInstrument</u> /Document/SctyMntncReq/UpdTp/UpdTp/Modfy/FinInst rmAttrbts/ClsfctnTp/ClsfctnFinInstrm	<u>CFIIdentifier</u>	<u>DSU1410</u>
<u>CountryOfIssue</u> /Document/SctyMntncReq/UpdTp/UpdTp/Modfy/FinInst rmAttrbts/Issnc/CtryOfIsse	<u>CountryCode</u>	<u>DSU1400</u>

4.1 Index of Business Rules and Error Codes

Modify list of business rules as follows:

BR NAME	DESCRIPTION	INBOUND MESSAGE	REPLY MESSAGE	CODE USE	REASON CODE	ERROR TEXT
DSC1700	<p><del>When performing a Securities Create request, the CFI must be compliant with ISO 10962 standards.</del></p> <p><u>When performing a Securities Create request, the CFI must be compliant with ISO/DIS 10962:2015(E) standards.</u></p>	reda.006	reda.008		REJT	<p><del>CFI not compliant with ISO 10962</del></p> <p><u>CFI not compliant with ISO/DIS 10962:2015(E) standards</u></p>

BR NAME	DESCRIPTION	INBOUND MESSAGE	REPLY MESSAGE	CODE USE	REASON CODE	ERROR TEXT
<u>DSU1400</u>	<p><u>When performing a Securities update request, the Country Code must refer to an existing Country Code in T2S.</u></p>	<u>reda.007</u>	<u>reda.029</u>		<u>REJT</u>	<u>Invalid country code</u>

BR NAME	DESCRIPTION	INBOUND MESSAGE	REPLY MESSAGE	CODE USE	REASON CODE	ERROR TEXT
<u>DSU1410</u>	<p><u>When performing a Securities update request, the CFI must be compliant with ISO/DIS 10962:2015(E) standards.</u></p>	<u>reda.007</u>	<u>reda.029</u>		<u>REJT</u>	<u>CFI not compliant with ISO/DIS 10962:2015(E) standards</u>

User Handbook

## 2.5.2.7 Security - New/Edit Screen

CFI Code(*)	<p>Shows the classification of financial instruments code of the security.</p> <p><del>Reference for error message [2318]:</del></p> <p><del>I DSC1700</del></p> <p><del>This field is read-only in the edit screen.</del></p> <p>This field is a mandatory enter field in the new mode.</p> <p>Required format is: max. 6 characters (SWIFT-x)</p> <p><u>References for error messages [2318]:</u></p> <p><u>I DSC1700</u></p> <p><u>I DSU1410</u></p>
Country of Issuance – Code(*)	<p>Shows the country in which the security was issued.</p> <p><del>Reference for error message [2318]:</del></p> <p><del>I DSC1021</del></p> <p><del>This field is read-only in the edit screen.</del></p> <p>This field is a mandatory select field in the new mode.</p> <p><u>References for error messages [2318]:</u></p> <p><u>I DSC1021</u></p> <p><u>I DSU1400</u></p>
Submit	<p>This function enables you to create or edit a security.</p> <p>After a security creation request is completed a prompt is shown with the following request: 'Do you want to configure the issuer now?'</p> <p>In case you click on the 'Yes' button you will be redirected to the new CSD link screen with the following prefilled items:</p> <ul style="list-style-type: none"> <li>I ISIN field with Security-ISIN value;</li> <li>I Link type field is with ISSUER value;</li> <li>I Valid from with business date;</li> </ul>

	<p> <ul style="list-style-type: none"> <li>■ Issuer investor parent BIC and issuer investor BIC with user - related parent BIC (if the creating user is a CSD user, otherwise the 'Issuer Investor' fields are empty).</li> </ul> </p> <p>Next screens:</p> <ul style="list-style-type: none"> <li>■ Security CSD links – search/list screen [671] (if you confirm the 'CSD Link' confirmation prompt)</li> <li>■ Securities – search/list screen [640]</li> </ul> <p>References for error messages [2318]:</p> <p>...</p> <ul style="list-style-type: none"> <li>■ <u>DSU1301</u></li> <li>■ <u>DSU1400</u></li> <li>■ <u>DSU1410</u></li> <li>■ <u>DSU1700</u></li> </ul> <p>...</p>
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\* The Screenshot needs to be updated accordingly.

**6.4.2.168 Security - New/Edit Screen**

Reference for error message	Field or Button	Error Text	Description
DSC1700	<ul style="list-style-type: none"> <li>■ <u>CFI Code field</u></li> <li>■ Submit button</li> </ul>	<p> <del>CFI not compliant with ISO 10962</del>  <del>CFI not compliant with ISO/DIS 10962:2015(E) standards</del> </p>	<p> <del>When performing a Securities Create request, the CFI must be compliant with ISO 10962 standards.</del>  <del>When performing a Securities Create request, the CFI must be compliant with ISO/DIS 10962:2015(E) standards.</del> </p>

Reference for error message	Field or Button	Error Text	Description
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<u>DSU1400</u>	<u>Country of Issuance – Code field</u> <u>Submit button</u>	<u>Invalid country code</u>	<u>When performing a Securities update request, the Country Code must refer to an existing Country Code in T2S.</u>
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<b>Reference for error message</b>	<b>Field or Button</b>	<b>Error Text</b>	<b>Description</b>
<u>DSU1410</u>	<u>CFI Code field</u> <u>Submit button</u>	<u>CFI not compliant with ISO/DIS 10962:2015(E) standards</u>	<u>When performing a Securities update request, the CFI must be compliant with ISO/DIS 10962:2015(E) standards.</u>

#### High level description of Impact:

#### Outcome/Decisions:

- \* CRG meeting of 9 July 2015: The CRG decided to put the Change Request on hold and agreed that the Change Request T2S-0534-SYS could be a potential candidate for Release 2.
- \* CRG meeting of 8-9 February 2016: The CRG decided to put the Change Request on hold and agreed that the Change Request T2S-0534-SYS could be a potential candidate for Release 2.
- \* CRG teleconference of 24 February 2016: The CRG decided to update the CR and tentatively include it as candidate for release 1.3.
- \* CRG meeting of 10 March 2016: The CRG recommended the Change Request for detailed assessment.
- \* OMG on 23 March 2016: During a written procedure from 16 to 23 March, the Operations Managers Group did not identify any operational impact.
- \* CRG teleconference on 24 March 2016: The CRG agreed to make some updates on the Change Request and to have the detailed assessment done on the updated version.
- \* Advisory Group on 24 March 2016: In a written procedure from 18 to 24 March 2016, the Advisory Group was in favour of launching the detailed assessment on the Change Request.
- \* CSD Steering Group on 29 March 2016: In a written procedure from 18 to 29 March 2016, the CSD Steering Group was in favour of launching the detailed assessment on the Change Request.
- \* Advisory Group on 06 April 2016: In a written procedure from 31 March 2016 to 06 April 2016, the Advisory Group was in favour of launching the detailed assessment on updated version of the Change Request.
- \* CSD Steering Group on 07 April 2016: In a written procedure from 31 March 2016 to 07 April 2016, the CSD Steering Group was in favour of launching the detailed assessment on updated version of the Change Request.
- \* OMG on 23 March 2016: During a written procedure from to 16 to 23 March 2016 2016, the Operations Managers Group did not identify any operational impact.
- \* CRG meeting on 6/7 July 2016: The CRG recommended the approval of Change Request and its inclusion in the T2S Release 1.3, in principle subject to feasibility of delivery for Release 1.3.
- \* OMG on 6 July 2016: During a written procedure from 30 June 2016 to 06 July 2016, the Operations Managers Group did not identify any operational impact.
- \* OMG in a written procedure from 5 to 12 August 2016: The OMG was in favour of adding the Change Request to the T2S Release 1.3.
- \* Advisory Group on 18 August 2016: Following a written procedure from 12 to 18 August 2016, the AG was in favour of

approving the Change Request.

\* CSD Steering Group on 19 August 2016: Following a written procedure from 12 to 19 August 2016, the CSG adopted the resolution to approve the Change Request.

\* Advisory Group on 20 September 2016: Following a written procedure from 14 to 20 September 2016, the AG was in favour of inclusion of Change Request in T2S Release 1.3.

\* CSD Steering Group on 21 September 2016: During the CSG meeting on 21 September 2016, the CSG adopted the resolution to include the Change Request in T2S Release 1.3.

**EUROSYSTEM ANALYSIS – GENERAL INFORMATION**

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

<b>Impact on major documentation</b>		
<b>Document</b>	<b>Chapter</b>	<b>Change</b>
Impacted GFS chapter	3.3.8.3 Description of the entities	Description to be modified from “Classification of the security according to ISO 10962 standard” to “Classification of the security according to ISO/DIS 10962:2015(E) standards”
Impacted UDFS chapter	1.2.2.2 Concept of securities in T2S	Line 2-3 to be modified from “T2S classifies securities by CFI (Classification of Financial Instruments, ISO standard 10962).” to “T2S classifies securities by CFI (Classification of Financial Instruments, ISO/DIS 10962:2015(E) standards)”
	3.3.6.2 SecurityMaintenanceRequest V01 (reda.007.001.01)	Introduce the new modifiable items in the message and relate them to BR DSU1400 and DSU1410
	4.1 Index of Business Rules and Error Codes	Modify BR DSC1700 from “When performing a Securities create request, the CFI must be compliant with ISO 10962 standards.” to “When performing a Securities create request, the CFI must be compliant with ISO/DIS 10962:2015(E) standards.”  Add new BR DSU1400 to check that “When performing a Securities update request, the Country Code must refer to an existing Country Code in T2S.”



		Add new BR DSU1410 to check that <u>“When performing a Securities update request, the CFI must be compliant with ISO/DIS 10962:2015(E) standards.”</u>
Additional deliveries for Message Specification	reda.007.001.01	Upload on MyStandards repository
UHB	2.5.2.7 Security - New/Edit Screen	<p>Modify Screenshot Field description: remove the sentence <u>“This field is read-only in the edit screen.”</u></p> <p>For CFI Code insert the reference to new BR DSU1410 Field description: remove the sentence <u>“This field is read-only in the edit screen.”</u> For Country of Issuance – Code</p> <p>Insert the reference to new BR DSU1400 Button: add new business rule DSU1400 and DSU1410</p>
	6.4.2.168 Security - New/Edit Screen	<p>Modify the text of business rule DSC1700 to check CFI against the new standard from <u>“When performing a Securities Create request, the CFI must be compliant with ISO 10962 standards.”</u> to <u>“When performing a Securities Create request, the CFI must be compliant with ISO/DIS 10962:2015(E) standards.”</u></p> <p>Add new BR DSU1400 to check that <u>“When performing a Securities update request, the Country Code must refer to an existing Country Code in T2S.”</u></p> <p>Add new BR DSU1410 to check that <u>“When performing a Securities update request, the CFI must be compliant with ISO/DIS 10962:2015(E) standards.”</u></p>
External training materials		
Other documentations	DMT File Format specifications 3.1.2.6 Securities - New	Align Description field: “Classification of the security according to ISO 10962 standard” must be updated to <u>“Classification of the security according to ISO/DIS 10962:2015(E) standard”</u>
Links with other requests		
Links	Reference	Title
<b>OVERVIEW OF THE IMPACT OF THE REQUEST ON THE T2S SYSTEM AND ON THE PROJECT</b>		
Summary of functional, development, infrastructure and migration impacts		
<p>From a SDMG viewpoint, the Update Security function has to be enhanced in order to allow updating the attributes CFI Code and Country of Issuance. Moreover, the Create Security function and the Update Security function have to be amended in order to comply with the new standard for classifying ISINs.</p> <p>From a LTSI viewpoint, in case an unexpected value is received, data are stored and an error is raised by LTSI. The CFI codes expected values will be updated according to the new standard for classifying ISINs.</p>		
Summary of project risk		
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Security analysis		
No potentially adverse effect was identified during the security assessment.		



DG - MARKET INFRASTRUCTURE & PAYMENTS  
 MARKET INFRASTRUCTURE MANAGEMENT

ECB-PUBLIC



30 June 2016

## Cost assessment on Change Requests

<b>T2S-534-SYS – CFI code and country of issuance of a security should be modifiable and CFI code should be compliant with the updated ISO standard 10962</b>			
One-off	Assessment cost*		
	- Preliminary	2,000.00	Euro
	- Detailed	10,000.00	Euro
One-off	Project phase costs	67,117.76	Euro
Annual	Running costs	5,445.18	Euro

\*The relevant assessment costs will be charged regardless of whether the CR is implemented (Cf. T2S Framework Agreement, Schedule 7, par. 5.2.3).