

General Information (Origin of Request)		
<input checked="" type="checkbox"/> User Requirements (URD) <input checked="" type="checkbox"/> Other User Functional or Technical Documentation (SYS) <i>(to be filled in by ECB)</i>		
Request raised by: Deutsche Bundesbank on behalf of the German NUG	Institute: Central Bank	Date raised: 24/07/2015
Request title: Bulk-release functionality (U2A) for settlement instructions		Request ref. no: T2S 0541 URD
Request type: Common	Urgency: Normal	
1. Legal/business importance parameter: High	2. Market implementation efforts parameter: Medium	
3. Operational/Technical risk parameter: Low	4. Financial impact parameter: Medium	
Requestor Category: Central Bank	Status: Preliminary assessed	

Reason for change and expected benefits/business motivation:

When T2S auto-collateralisation is triggered T2S on the one hand automatically generates and immediately settles the opening leg of the auto-collateralisation transaction and on the other hand automatically generates the closing leg for the reimbursement of the auto-collateralisation transaction. The closing leg is put on party hold for the collateral provider in T2S. According to the repo and pledge procedure the pending reverse collateral instructions need to be released on the collateral providing account(s) of the CSD Participant either by the collateral provider (active release management) or automatically by T2S, e.g. at 16h30 CET (passive release management).

T2S does not foresee that the collateral provider can define - via the securities side - a minimum amount for a single auto-collateralisation transaction to be triggered which is existing functionality in some CSDs today. This may result in the generation of many small auto-collateralisation transactions each time the cash provision check detects a lack of cash on the DCA and eligible collateral on flow or on stock is available when settling RvP instructions.

In U2A mode (T2S GUI), a bulk release of instructions is not possible, neither for pending reimbursement instructions of T2S auto-collateralisation, nor for any other settlement instruction. To release pending reverse collateral instructions in U2A mode, at first the collateral provider needs to query all instructions (i.e. settlement instruction query semt.026) with search criteria status "Party Hold", ISO transaction code "COLO", and the "NCB collateral receiving account" (in case of repo procedure)). In the absence of the bulk release functionality and a minimum amount for a single auto-collateralisation instruction, the T2S GUI user has to release the pending reverse collateral instructions one by one with the personal PIN and potentially according to the 4-eyes principle which creates additional operational burden for operations staff.

The same operational burden applies for the release of other settlement instructions.

Description of requested change:

Implement a bulk-release functionality for settlement instructions in the T2S GUI to allow T2S GUI users to release pending settlement instructions (i.e. pending reverse collateral instructions of T2S auto-collateralisation and any other settlement instructions) according to specific selection criteria (such as e.g. ISO transaction code, counterparty, collateral receiving account, CSD etc). The bulk release should be possible for (a) all queried pending instructions or (b) some selected instructions out of the displayed list for release.

The release should be possible for all hold types.

Submitted annexes / related documents:

Proposed wording for the Change request:

The relevant requirements of URD 5.04 should be updated as follows (revision marks are used):

Reference ID T2S.08.820 (Payment/settlement banks' ability to trigger reimbursement of auto-collateralisation operations with central banks during the real-time window)

T2S shall enable payment/settlement banks to trigger the reimbursement of their auto-collateralisation operations with central banks at any moment of the daytime real-time settlement window by releasing on hold reimbursement instructions. A bulk release functionality using the GUI shall be possible for releasing all or selected pending auto-collateralisation reimbursement instructions.

Reference ID T2S.08.827 (Payment/settlement banks' ability to trigger reimbursement of intraday credit provided through auto-collateralisation to their clients during the real-time window)

T2S shall enable payment/settlement banks to trigger the reimbursement of intraday credit provided through auto-collateralisation to their client at any moment of the daytime real-time settlement window by releasing the relevant pending auto-collateralisation reimbursement operations. A bulk release functionality using the GUI shall be possible for releasing all or selected pending auto-collateralisation reimbursement instructions.

Reference ID T2S.05.350 (Hold and release mechanism availability)

T2S shall provide a hold and release mechanism. CSD participants and CSDs may use this mechanism on a voluntary basis. T2S shall support the hold and release of partially settled instructions. A bulk release functionality using the GUI shall be possible for releasing all or selected on hold instructions.

High level description of Impact:

Outcome/Decisions:

*CRG meeting of 17-18 September 2015: The CRG agreed to put the Change Request on hold and indicated that the Change Request is a potential candidate for Release 2.

* CRG meeting on 6 September 2016: The CRG recommended to launch the preliminary assessment on the Change Request from 26 September 2016 to 17 October 2016 (batch 1).

* OMG on 05 October 2016: During a written procedure from 14 September 2016 to 06 October 2016, the Operations Managers Group did not identify any blocking operational impact of the Change Request.

* CRG meeting on 26 October 2016: The CRG took note of the T2S functionalities/modules impacted by the Change Request following the 4CB preliminary assessment.

* CRG meeting on 26 March 2018: The CRG concluded that the requirements of these CRs were stable and complete

Preliminary assessment:

- Impacted functionality/module: U2A, LCMM, SD
- **Findings:**
 - High impact on the T2S GUI in view of performance and transaction processing.
- **Following issues have to be clarified before the start of detailed assessment:**
 - Assumption is that the bulk release functionality should be available for all hold types.
 - The design of this new functionality needs to be discussed and clarified prior to the start of the detailed assessment.