

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: XMAP	Institute: ECB	Date raised: 17/02/2016
Request title: Availability of Business Sending Party/User as additional parameters for the configuration of Case 1 Restriction Types		Request ref. no: T2S 0571 SYS
Request type: Common		Urgency: Normal
1. Legal/business importance parameter: Low	2. Market implementation efforts parameter: Low	
3. Operational/Technical risk parameter: Low	4. Financial impact parameter: High	
Requestor Category: T2S sub-group	Status: Withdrawn	

Reason for change and expected benefits/business motivation:

Current situation

T2S currently provides the possibility to differentiate between T2S actors through the following parameters in the configuration of Case 1 Restriction Types¹:

- Party (Instructing Party BIC)
- Party Type (of the Instructing Party)
- Party Type (of the Account Owner)
- Market-Specific Party Attribute

As documented in the version 0.4 of the XMAP Catalogue of restriction rules, some CSDs have created an MSA at party level to differentiate between DCPs and ICPs, and use the MSA in the configuration of their restriction rules. Other CSDs distinguish DCP flows from ICP flows in the configuration of restriction rules through the Instructing Party Type parameter, or directly with the Instructing Party BIC of the CSD participant (hard-coding the value).

Limitations of current design

After further analysis, it appears that the current possibilities offered by T2S do not provide the required level of granularity in commonly used business scenarios, i.e. when the CSD sends instructions received in ICP mode to T2S with the CSD participant's Instructing Party BIC. Instructing to T2S with the CSD participant's BIC (as Instructing Party) is the preferred implementation choice of some CSDs for ICP flows. For some other CSDs, instructing to T2S with the participant's BIC is used in some specific situations, such as instructions received from DCPs in ICP mode. In all of those cases, a differentiation based on the Instructing Party, the account owner or the receiving or delivering party in the settlement instruction is inadequate to bypass validations done by CSDs on their legacy platform.

Proposal for enhancement of T2S rule-based model (Case 1)

It is proposed to add the Business Sending Party/User as available parameter for the configuration of Case 1 Restriction Types. This solution would provide additional granularity by allowing the differentiation of DCP/ICP flows per settlement instruction/restriction based on the business sender, i.e. whether the settlement instruction/restriction is submitted to T2S by the CSD or a CSD participant. It would work independently of the implementation choices of CSDs regarding the filled-in Instructing Party.

The expected (medium-term) benefits would be a simplification in the configuration of CSDs' restriction rules and reduced need for MSAs, as well as a reduction in the volume of settlement instructions/restrictions going through unnecessary validations, i.e. instructions/restrictions already validated on CSDs' legacy platform.

The CR below suggests which additional parameters should be available for the configuration of Case 1 Restriction Types to achieve the maximum level of granularity in order to distinguish between DCP and ICP flows:

¹ For Case 2 Restriction Types, only the Instructing Party parameter is available for securities, securities accounts, and DCAs

Description of requested change:

The rule-based model in T2S for Case 1 Restriction Types should be extended to support the following parameters

- 1) Business Sending Party
- 2) Business Sending User (this provides even further granularity than the Business Sending Party)

Submitted annexes / related documents:

Proposed wording for the Change request:

Configuration of restriction types

Reference ID	T2S.11.661
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T2S shall support the rules-based, date-dependent configuration of restriction types by the T2S Operator, CSDs and NCBs. T2S shall support the following parameters for the configuration of restriction types:

- Securities movement type (receive or deliver);
- Payment (free or against);
- Transaction identification;
- Party type of the account owner
- Party type of the party instructing on behalf of the account owner;
- Business Sending Party
- Business Sending User
- Specific party;
- Security Identifier
- One or more CSD-specific securities attributes;
- One or more CSD-specific securities account attributes;
- And/or a combination of values for the same CSD-specific attribute for a securities account: one for the receiving account and the delivering account to restrict certain types of settlement instructions and instructions for intra-position movements between securities accounts.

Restriction Type Rule Entity

Reference ID	T2S.11.653
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T2S shall enable an authorised T2S system user to define a set of rules for a restriction type by adding one or more rules and specifying the sequence in which T2S should check the rules. Each rule shall define the criteria that apply for that rule. The conceptual entity *Restriction Type Rule* shall define the individual rules of a rule set.

Table 11-16b – List of Attributes for the Entity Restriction Type Rule

Attribute	Description
Restriction Type Rule Identifier	This attribute shall specify the unique technical identifier of a message subscription rule.
Restriction Type Identifier	This attribute shall specify the unique technical identifier of the restriction type for which the rule is.
System Entity Identifier	The system entity identifier shall define a CSD or the T2S operator to which the configuration applies.
Rule Sequence	This attribute shall define the order in which T2S shall process the rule.
Securities Movement Type	This attribute shall store a Boolean value indicating whether the specification of a securities movement type is a valid criterion for the rule.

Attribute	Description
Payment	This attribute shall store a Boolean value indicating whether the specification of a payment type is a valid criterion for the rule.
Transaction Identification	This attribute shall store a Boolean value indicating whether the specification of the transaction identification is a valid criterion for the rule.
Party Type	This attribute shall store a Boolean value indicating whether the specification of a party type is a valid criterion for the rule.
<u>Business Sending Party</u>	<u>This attribute shall store a Boolean value indicating whether the specification of a business sending party is a valid criterion for the rule.</u>
<u>Business Sending User</u>	<u>This attribute shall store a Boolean value indicating whether the specification of a business sending user is a valid criterion for the rule.</u>
Specific Party Identifier	This attribute shall store a Boolean value, indicating whether the specification of a specific party is a valid criterion for the rule.
Security Identifier	This attribute shall define the unique technical identifier of a security in T2S.
Market-specific attribute identifier	This is a placeholder for any number of market-specific attributes, where a Boolean value for each market-specific attribute indicates whether the specification of the market-specific attribute is a valid criterion for the rule.

Restriction Type Matrix Entity

Reference ID	T2S.11.654
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T2S shall store matrix entries for a rule in a rule set. A matrix entry shall define an occurrence of a valid set of values, specifying the actual criteria against which the T2S must validate a settlement instruction to determine if a restriction type applies.

Table 11-19c – List of Attributes for the Entity Restriction Type Matrix Entry

Attribute	Description
Restriction Type Matrix Identifier	This attribute shall specify the unique technical identifier of an entry in the message subscription matrix.
Restriction Type Rule Identifier	This attribute shall specify the unique technical identifier of a message subscription rule.
System Entity Identifier	The system entity identifier shall define a CSD or the T2S operator to which the configuration applies.
Securities Movement Type	This attribute shall specify a valid value from the list of valid values for the attribute <i>Securities Movement Type</i> . This attribute shall specify a value only when the Boolean value in underlying rule defines the attribute as a valid criterion. <u>Value Description</u> RECE Receive DELI Deliver
Payment	This attribute shall specify a valid value from the list of valid values for the attribute <i>Payment</i> . This attribute shall specify a value only when the Boolean value in underlying rule defines the attribute as a valid criterion. <u>Value Description</u> APMT Against payment FREE Free of payment / separate payment
Transaction Identification	This attribute shall specify a valid value from the list of valid values for the attribute <i>Transaction Identification</i> . This attribute shall specify a value only when the Boolean value in underlying rule defines the attribute as a valid criterion.
Party Type	This attribute shall specify a valid value from the list of valid values for the attribute <i>Party Type</i> as defined in party reference data. This attribute shall specify a value only when the Boolean value in underlying rule defines the attribute as a valid criterion.
<u>Business Sending Party</u>	<u>This attribute shall specify a valid value of a party in T2S. This attribute shall specify a value only when the Boolean value in underlying rule defines the attribute as a valid criterion.</u>
<u>Business Sending User</u>	<u>This attribute shall specify a valid value of a user in T2S. This attribute shall specify a value only when the Boolean value in underlying rule defines the attribute as a valid criterion.</u>

Attribute	Description
Specific Party Identifier	This attribute shall specify a valid value of a party in T2S. This attribute shall specify a value only when the Boolean value in underlying rule defines the attribute as a valid criterion.
Security Identifier	This attribute shall define the unique technical identifier of a security in T2S.
Market-specific attribute identifier	This placeholder attribute shall specify a valid value from the list of valid values for a market-specific attribute. This attribute shall specify a value only when the Boolean value in underlying rule defines the attribute as a valid criterion.

High level description of Impact:

Outcome/Decisions:

- * CRG meeting on 6/7 July 2016: The CRG decided to put the Change Request on hold.
- * CRG on 17 October 2016: During the written procedure from 10 - 17 October 2016, the CRG recommended to launch the preliminary assessment on the Change Request from 24 October 2016 to 15 November 2016 (batch 2).
- * OMG on 08 November 2016: During a written procedure from 28 October - 08 November 2016, the Operations Managers Group did not identify any blocking operational impact of the Change Request.
- * CRG telco on 16 November 2016: The CRG took note of the T2S functionalities/modules impacted by the Change Request following the 4CB preliminary assessment and that there are synergies with the Change Request T2S-0569-SYS (Introduce "Not equal" operator for defining rules in T2S rule based models), therefore a joint implementation is favourable.
- * On 17 January: This Change Request has been withdrawn by its initiator.

Preliminary assessment:

- **Impacted functionality / module:** A2A, U2A, LCMM, SDMG
- **Findings:**
 - Due to expected synergies the joint implementation of CR 569 and CR 571 is recommended.
- **Following issues have to be clarified before the start of detailed assessment:**
 - Specific restriction validation checks are performed on SIs and SRs, but the CR only refers to SIs. Working assumption is that the new parameters are to be considered for both SIs and SRs. CR description should be updated accordingly to reflect that SIs and SRs are to be included within the scope of the CR.
 - Also the CR should be updated to include changes/updates in the URD: (UR T2S.11.661 needs to be updated, also check the need to update Chapter 11 accordingly with the new parameters).
 - No migration effort is expected on 4CB side, i.e. CSDs will set up the rule sets using the new parameters independently.

No further functional, technical and risk related issues have been identified beyond the elements already described in the Change Request.