

General Information (Origin of Request)		
<input type="checkbox"/> User Requirements (URD) or GUI Business Functionality Document (BFD) <input checked="" type="checkbox"/> Other User Functional or Technical Documentation (SYS)		
Request raised by: Euroclear	Institute: CSD	Date raised: 11/09/2018
Request title: Enhanced reporting for market claims and transformations		Request ref. no: T2S-0686-SYS
Request type: Common	Classification: Maintenance	Urgency: Fast-track
1. Legal/business importance parameter: Medium	2. Market implementation efforts parameter: Low	
3. Operational/Technical risk parameter: Low	4. Financial impact parameter: Low	
Requestor Category: CSD	Status: Allocated to a release	

Reason for change and expected benefits/business motivation:

In the context of the implementation of CR 520, the CRG has identified the need to bring important upgrades to the initial requirements and agreed to formalise these upgrades in a new complementary change request.

CR 520 requirements did not cover the case when the CSD generates 'already matched' MKC and TRAN. It only applies to CSDs using to be matched transactions. In practice many CSDs use the already matched process. 'To be matched' transactions are only used for cross CSD transactions.

In the CR520 design, if a CSD uses the already matched process and thus populates both DELI and RECE T2S references of underlying transactions in the 'already matched sese023', T2S will only report the first reference in the sese024 and sese025, to both clients. Therefore one of the parties will receive the reference of the counterparty and not its own reference. An enhancement is needed to allow T2S to report to each party the T2S reference of its own underlying transaction, when the CSD has generated already matched market claims and transformation.

Description of requested change:

1) Provide the correct T2S reference in the reporting of already matched market claim and transformation

The change requested is that T2S is able to report in the sese024 and sese025 to the DELI and the RECE leg of an already matched transaction its respective link INFO. Depending on the securities movement type instructed in the Already Matched Instruction, T2S will assign the corresponding Link INFO:

Eg.:

- i. If the Already Matched instruction is instructed as a "DELI", the first link "INFO" will be assigned to the "DELI" leg of the transaction and the second to the counterparty (i.e. RECE leg).
- ii. If the Already Matched instruction is instructed as a "RECE", the first link "INFO" will be assigned to the "RECE" leg of the transaction and the second to the counterparty (i.e. DELI leg).

Additional rules:

- If more than two links INFO are provided, only the two first links are reported and the additional links would not be populated in the outbound messages (sese.024 and sese.025).
- If only one link INFO is provided in an Already Matched Instruction, this link "INFO" is populated in both legs.

Submitted annexes / related documents:



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Proposed wording for the Change request:

UDFS v3.0:

3.3.8.5.2 SecuritiesSettlementTransactionStatusAdviceV03 (sese.024.001.03) – The T2S-specific schema (page 1478).

A new foot note should be added in this section. This wording is based on the UDFS wording proposal for CR-520.

Outline of the schema

The SecuritiesSettlementTransactionStatusAdviceV03 is composed of the following message building blocks:

TransactionIdentification

This block is mandatory and it provides the transaction type and identification information.

Linkages

This building block is optional and non-repetitive. It provides information about an existing link to another transaction^{xx}.

xx: This block will be present only for INFO linkages and it will be reported only in sese.024 of acceptance. If the instruction is sent as Already Matched and more than one link INFO are informed:

- i. If the Already Matched instruction is instructed as a 'DELI', the first link 'INFO' will be assigned to the 'DELI' leg of the transaction and the second to the counterparty (i.e. RECE leg).
- ii. If the Already Matched instruction is instructed as a 'RECE', the first link "INFO" will be assigned to the "RECE" leg of the transaction and the second to the counterparty (i.e. DELI leg).

As this is a non-repetitive block, when reporting the INFO links of a settlement instruction only one Link will be reported and the type of reference to be informed in the linkage block will be the existing T2S reference of the linked instruction. If the reference provided in the settlement instruction to set the link INFO is a T2S Actor Reference, the following scenarios may occur when reporting the Market Infrastructure reference associated to a T2S Actor Instruction Reference:

- The Market Infrastructure reference does not exist. In this case, the acceptance sese.024 will not populate the INFO linkage block.
- One Market Infrastructure reference exists for the T2S Actor Instruction Reference informed. In this case, this Market Infrastructure reference will be populated in the acceptance sese.024.
- There are more than one Market Infrastructure references associated to the T2S Actor Instruction Reference. In this case, as the number of references that can be populated in the linkage sequence of the sese.024 is limited to one, the sese.024 will report the lower MITI reference in the linkage sequence.

3.3.8.6.2 SecuritiesSettlementTransactionConfirmationV03 (sese.025.001.03) – The T2S-specific schema (page 1503).

A new foot note should be added in this section. This wording is based on the UDFS wording proposal for CR-520.

TransactionIdentificationDetails

This building block is mandatory and it provides transaction type and identification information.

Linkages

This building block is optional and non-repetitive. It provides information about an existing link to another transaction^{yy}

yy: This block will be present only for link INFO. If the instruction was sent as Already Matched and more than one link INFO were informed:

- iii. If the Already Matched instruction was instructed as a 'DELI', the first link 'INFO' will be assigned to the 'DELI' leg of the transaction and the second to the counterparty (i.e. RECE leg).
- iv. If the Already Matched instruction was instructed as a 'RECE', the first link "INFO" will be assigned to the "RECE" leg of the transaction and the second to the counterparty (i.e. DELI leg).

As this is a non-repetitive block, when reporting the INFO links of a settlement instruction only one Link will be reported and the type of reference to be informed in the linkage block will be the existing T2S reference of the linked instruction. If the reference provided in the settlement instruction to set the link INFO is a T2S Actor Reference, the following scenarios may occur when reporting the Market Infrastructure reference associated to a T2S Actor Instruction Reference:

- The Market Infrastructure reference does not exist. In this case, the acceptance sese.025 will not populate the INFO linkage block.
- One Market Infrastructure reference exists for the T2S Actor Instruction Reference informed. In this case, this Market Infrastructure reference will be populated in the acceptance sese.025.
- There are more than one Market Infrastructure references associated to the T2S Actor Instruction Reference. In this case, as the number of references that can be populated in the linkage sequence of the sese.025 is limited to one, the sese.025 will report the lower MITI reference in the linkage sequence.

High level description of Impact:

Outcome/Decisions:

*CRG on 27 September 2018: The CRG agreed to recommend this Change Request following the fast-track procedure to the Steering Level for authorisation.

* AMI-SeCo on 3 October 2018 (written procedure): the AMI-SeCo agreed to the recommendation of the CRG to authorise the ranking and allocation to a T2S release of CR-686

* CSG on 3 October 2018 (written procedure): the CSG took a resolution to authorise the ranking and allocation to a T2S release of CR-686.

* NECSG on 5 October 2018 (written procedure): the CSG took a resolution to authorise the ranking and allocation to a T2S release of CR-686.

* MIB on 13 November 2018: The MIB authorised CR-686 for ranking and allocation to a release.

* CRG on the 28 November 2018: The CRG agreed to recommend to PMG to allocate the CR to R3.0.

* PMG on the 5 December 2018: The PMG agreed to recommend to the Steering Level to include CR-686 in R3.0.

* CSG on 12/13 December 2018: The CSG approved the STP for R 3.0 as baseline, acknowledging that scope changes might be proposed in the future, subject to the outcome of the OMG operational assessment on CR-686 in Release 3.0

* NECSG on 14 December 2018: The NECSG approved the STP for R 3.0 as baseline, acknowledging that scope changes might be proposed in the future, subject to the outcome of the OMG operational assessment on CR-686 in Release 3.0

* OMG on the 20 December 2018: The OMG performed and operational impact assessment on the content of STP for R3.0 as baseline which includes CR-686.

EUROSYSTEM ANALYSIS – GENERAL INFORMATION

Static data management		Interface	
	Party data management		Communication
	Securities data management		Outbound processing
	T2S Dedicated Cash account data management		Inbound processing
	Securities account data management		
	Rules and parameters data management		
Settlement		Liquidity management	
	Standardisation and preparation to settlement		Outbound Information Management

Impact On T2S	Night-time Settlement		NCB Business Procedures
	Daytime Recycling and optimisation		Liquidity Operations
	Daytime Validation, provisioning & booking		LCMM
	Auto-collateralisation		Instructions validation
		x	Status management
	Operational services		Instruction matching
	Data Migration		Instructions maintenance
	Scheduling		Statistics, queries reports and archive
	Billing		Report management
	Operational monitoring	x	Query management
			Statistical information
		x	Legal archiving
	All modules (Infrastructure request)		
	No modules (infrastructure request)		
Business operational activities			
Technical operational activities			

Impact on major documentation		
Document	Chapter	Change
Impacted GFS chapter		
Impacted UDFS chapter	LCMM: 3.3.8.5.2 SecuritiesSettlementTransactionStatusAdviceV03 (sese.024.001.03)	To explain how the link INFO will be reported for Already Matched settlement instructions in the sese.024
	3.3.8.6.2 SecuritiesSettlementTransactionConfirmationV03 (sese.025.001.03)	To explain how the link INFO will be reported for Already Matched settlement instructions in the sese.025
Additional deliveries for Message Specification		
UHB		
Links with other requests		
Links	Reference CR-0520	Title

OVERVIEW OF THE IMPACT OF THE REQUEST ON THE T2S SYSTEM AND ON THE PROJECT

Summary of functional, development, infrastructure and migration impacts

As described in CR-520, the Linkage sequence, if present in the sese.023 and the link type is 'INFO', should be replicated in the sese.024 and sese.025 outbound messages.

As the linkage sequence in the sese.024 and sese.025 is a non-repetitive field, the current structure of these messages only allows to report one linkage sequence even if more than one link INFO are informed in the sese.023.

In particular, for settlement instructions sent as already matched, T2S should report in the sese.024 and sese.025 messages of each leg of the transaction the relevant link INFO for each of them (instead of informing always the first link INFO in the sese.024 and sese.025 of both the 'DELI' and the 'RECE' leg of the transaction).

For that purpose, the Status Management Module has to be enhanced to be able to report the relevant linkage sequence belonging to each leg of an already matched transaction.

T2S will assign the corresponding Link INFO depending on the securities movement type instructed in the Already Matched Instruction,

- i. If the Already Matched instruction is instructed as a "DELI", the first link "INFO" informed in the sese.023 will be assigned to the "DELI" leg of the transaction and the second to the counterparty (i.e. RECE leg).
- ii. If the Already Matched instruction is instructed as a "RECE", the first link "INFO" informed in the sese.023 will

be assigned to the "RECE" leg of the transaction and the second to the counterparty (i.e. DELI leg).

Additionally, if more than two links INFO are provided, only the two first links would be reported (i.e. one for each leg of the already matched transaction). The additional links would not be populated in the outbound messages (sese.024 and sese.025). If only one link INFO is provided in an Already Matched Instruction, this link "INFO" would be populated in both legs.

The best market practice in T2S described by the CASG for managing market claims and transformations is to fill the Market Infrastructure reference (MITI) of the underlying instruction in the linkage sequence using the code INFO in the settlement instructions. However, from a message perspective, there is no limitation in the message schema of sese.023 for providing the T2S Actor Instruction Reference to set a link INFO. As designed for CR-520, only the MITI reference should be informed in the sese.024 and sese.025 (i.e. the T2S Actor Instruction Reference is informed to set the link INFO in the sese.023, for informational purposes, T2S will retrieve the respective MITI in the data base). The following scenarios may occur when retrieving the Market Infrastructure reference associated to a T2S Actor Instruction Reference (these scenarios are applicable to both CR-520 and CR-686):

- The Market Infrastructure reference does not exist. In this case, the acceptance sese.024 and the sese.025 will not populate the INFO linkage block.
- One Market Infrastructure reference exists for the T2S Actor Instruction Reference informed. In this case, this Market Infrastructure reference will be populated in the acceptance sese.024 and the sese.025.
- There are more than one Market Infrastructure references associated to the T2S Actor Instruction Reference. In this case, as the number of references that can be populated in the linkage sequence is limited to one, the sese.024 and sese.025 will report the lower MITI reference in the linkage sequence.

From a functional point of view our general assumption for this CR (as for the CR-520) is that the replication of the linkage sequence in the sese.024 should only be available for 'acceptance' sese.024. Other usages of the sese.024 as, for instance 'matching' or 'cancellation', shall not replicate the linkage sequence.

The outbound messages impacted by the CR will be stored in LEA. Respective testing will be performed.

Main cost drivers:

Status Management Module is enhanced to allow the report of the relevant linkage sequence belonging to each leg of an already matched transaction. A new logic should be implemented in Status Management to be able to retrieve for each leg of an already matched transaction the relevant linked instruction to be informed in the sese.024 and sese.025 if more than one INFO linkage sequence are present in the sese.023. Testing will ensure that T2S assigns correctly the corresponding link INFO in Already Matched Settlement Instructions and the specific cases where more than two links INFO are provided and only one link INFO is populated. Additional regression tests will be executed to ensure a high-quality of the delivery and that no other impacts are detected.

Summary of project risk

None.

Security analysis

No adverse effect has been identified during security assessment.



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DG - MARKET INFRASTRUCTURE & PAYMENTS

ECB-PUBLIC

15 November 2018

Cost assessment on Change Requests

T2S-686-SYS – Enhanced reporting for market claims and transformations			
One-off	Assessment costs*		
	- Preliminary	2,000.00	Euro
	- Detailed	10,000.00	Euro
One-off	Development costs	85,246.35	Euro
Annual	Operational costs		
	- Maintenance costs	0.00	Euro
	- Running costs	0.00	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).