



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: CSDR Task Force	Institute: ECB	Date raised: 06/12/2019
Request title: T2S must be able to identify, store, and report settlement information related to settlement instructions created as a result of partially successful buy-in		Request ref. no: T2S 0728 SYS
Request type: Common	Classification: Regulatory compliance	Urgency: Fast-track
1. Legal/business importance parameter: Medium		2. Market implementation efforts parameter: Medium
3. Operational/Technical risk parameter: Medium		4. Financial impact parameter: Medium
Requestor Category: CSDR TF		Status: Allocated to a release

Reason for change and expected benefits/business motivation:

The T2S CSDR Task Force was established by the T2S Steering level, in order to identify the necessary changes to the T2S platform resulting from the CSD Regulation (CSDR), with the objective to facilitate T2S CSDs' timely compliance to CSDR.

The core of the work of the T2S CSDR Task Force is reflected in the T2S Penalty Mechanism's user requirements (CR654): it focuses on the daily calculation and reporting of cash penalties for settlement fails, a monthly reporting of the aggregated amounts of cash penalties computed for a given month as well as the operational tools which are necessary for T2S Actors.

According to CSDR Regulatory Technical Standards (RTS) on Settlement Discipline ([link](#))¹, in the case where a buy-in is only partially successful (i.e. the full quantity could not be bought-in / settled), "new settlement instructions are entered into the securities settlement system for any non-delivered financial instruments and the CSD receives the information necessary to identify such new settlement instructions accordingly."

In order to satisfy this requirement, T2S must be updated to identify, store, and report settlement information related to settlement instructions created as a result of partially successful buy-in across T2S messages.

Following a consultation with Swift experts, the following solution based on the usage of the settlement transaction condition code is proposed to identify new settlement instructions resulting from a partially successful buy-in. This involves a two-step approach:

1. As a short term solution T2S should use a proprietary code of the **SettlementTransactionCondition** (*SctiesStlmTxInstr/StlmParams/StlmTxCond/Prtry*).

Currently, in settlement instruction messages such as sese.023, the code element under SettlementTransactionCondition, the proprietary block is pruned.

When the proprietary block is unpruned, the proprietary code for the partial successful buy-in will be **BSSP**, in element *SctiesStlmTxInstr/StlmParams/StlmTxCond/Prtry/ld*

2. To fulfill the ISO requirements in the long term the 4CB will raise an ISO CR for the partial buy-in business case (i.e. to include the **BSSP** -Partial successful buy-in - as standard code of the **SettlementTransactionCondition** i.e.: *SctiesStlmTxInstr/StlmParams/StlmTxCond/Cd*)

The above solution does not impact the ISO transaction type code (which, accordingly, can still inform the same ISO transaction type code as the one of the original transaction).

The settlement instruction messages should contain the 'BSSP' settlement transaction condition code allowing to identify that the settlement instruction has been created as a result of a partial successful buy-in.

¹ Article 27.10(c) Buy-in procedure and notifications

Description of requested change:

A2A:

For both the short-term and long-term solutions, the scope of impacted T2S messages is the following:

- Settlement Instruction (sese.023)
- Settlement Instruction Status Advice (sese.024)
- Securities Settlement Transaction Confirmation (sese.025)
- Allegement notification (sese.028)

Besides the messages listed above, the new code should also be reported in relevant reports (semt.017/semt.018) and equivalent flat files. It may also be considered for inclusion in query responses if relevant, but the new code "BSSP" does not need to be available as a query criteria.

1. Short-term solution

Unprune the proprietary block of the settlement transaction condition:

SctiesSttlmTxInstr/SttlmParams/SttlmTxCond/Prtry

From this block:

- The element *SctiesSttlmTxInstr/SttlmParams/SttlmTxCond/Prtry/Id* will be unpruned and will allow to include the "BSSP" value (i.e. no other values will be allowed);
- The element *SctiesSttlmTxInstr/SttlmParams/SttlmTxCond/Prtry/Issr* will be unpruned;
- The element *SctiesSttlmTxInstr/SttlmParams/SttlmTxCond/Prtry/SchmeNm* will be unpruned.

T2S should store the information from the element *SctiesSttlmTxInstr/SttlmParams/SttlmTxCond/Prtry/Id* and report it in the relevant fields of the impacted outbound messages. T2S will ignore and not process any content provided in the Issr and SchemNm elements.

2. Long-term solution

4CB to raise an ISO CR in order to recognise "BSSP" as a standard code for the Settlement Transaction Condition: *SctiesSttlmTxInstr/SttlmParams/SttlmTxCond/Cd*.

With the alignment of T2S Messages with the relevant ISO Standards Release including the 'BSSP' as a standard code, the proprietary block of the settlement transaction condition will be pruned again.

U2A:

In U2A the user will input the value "BSSP" as a Securities Transaction Condition Code, i.e.: no Proprietary field will be enabled. However, "BSSP" will be reported as Proprietary in the related A2A outbound messages.

The same behavior will be implemented for the DMT.

Submitted annexes / related documents:

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Proposed wording for the Change request:**UDFS:**

2.20.3.3 Statement of transaction. Semt.017

Add BSSP as a possible value for the "Settlement Transaction Condition Indicator".

FLAT FILE COLUMN	COLUMN NAME	FORMAT	DESCRIPTION	RULES
16	Settlement Transaction Code NOMC	CHAR(4)	Parameters applied to the settlement of a security transfer: I Conditions under which the order/trade is to be settled.	This field is optional depending on the information contained in the instruction. Only possible values is: NOMC: enables the counterparties in a transaction to opt-out from any CAs transaction management arrangements.
<u>17</u>	<u>Settlement Transaction Code: BSSP</u>	<u>CHAR(4)</u>	<u>Parameters applied to the settlement of a security transfer: Conditions under which the order/trade is to be settled.</u>	<u>This field is optional depending on the information contained in the instruction. Only possible values is: BSSP: enables the counterparties to identify bilaterally settlement instructions resulting from a partially successful buy-in</u>

2.20.3.3 Statement of pending instructions. Semt.018

Add BSSP as a possible value for the "Settlement Transaction Condition Indicator".

FLAT FILE COLUMN	COLUMN NAME	FORMAT	DESCRIPTION	RULES
25	Settlement Transaction Code NOMC	CHAR(4)	Parameters applied to the settlement of a security transfer: Conditions under which the order/trade is to be settled.	This field is optional depending on the information contained in the instruction. Only possible values is: NOMC: enables the counterparties in a transaction to opt-out from any CAs transaction management arrangements.
<u>26</u>	<u>Settlement Transaction Code: BSSP</u>	<u>CHAR(4)</u>	<u>Parameters applied to the settlement of a security transfer: Conditions under which the order/trade is to be settled.</u>	<u>This field is optional depending on the information contained in the instruction. Only possible values is: BSSP: enables the counterparties to identify bilaterally settlement instructions resulting from a partially successful buy-in</u>

UHB:

2.2.2.18 Settlement Instruction – Details Screen

Add BSSP as a possible value for the "Settlement Transaction Condition Indicator".

Detailed Information	
Cum/EX Indicator	Shows whether the contract was traded cum or ex coupon from the possible values: <ul style="list-style-type: none"> Empty CUM EX
Settlement Transaction Condition Indicator	Shows the Settlement Transaction Condition Indicator from the possible values: <ul style="list-style-type: none"> Empty (default value) ADEA (accept after regular settlement deadline) ASGN (assignment) BUTC (buy to cover) <u>BSSP (buy in partially succesful)</u> ...

2.2.2.19 Settlement Instruction – New Screen

Add BSSP as a possible value for the “Settlement Transaction Condition Indicator”.

Detailed Information	
Cum/EX Indicator	Select the cum/ex indicator from the possible values: <ul style="list-style-type: none"> Cum Ex Empty (default value)
Settlement Transaction Condition Indicator	Select the code condition under which the trade is going to be settled from the possible values: <ul style="list-style-type: none"> Empty (default value) ADEA (accept after regular settlement deadline) ASGN (assignment) BUTC (buy to cover) <u>BSSP (buy in partially succesful)</u> ...

2.4.1.14 Available Report - Statement of Pending Instructions - Details Screen

Statement - Further Information	
ISO Transaction Code	Shows the transaction code as defined in ISO20022
Opt-Out ISO Transaction Condition Indicator <u>Settlement Transaction Condition Indicator</u>	Shows the Settlement Transaction Condition Indicator.

2.4.1.21 Available Report - Statement of Transactions - Details Screen

Statement - Further Information	
ISO Transaction Code	Shows the transaction code as defined in ISO20022
Opt-Out ISO Transaction Condition Indicator <u>Settlement Transaction Condition Indicator</u>	Shows the opt-out ISO transaction condition indicator the Settlement Transaction Condition Indicator.

Outcome/Decisions:

- * CRG on 12 December 2019: the CRG recommended the authorisation of CR-728 to the T2S Steering Level and agreed to follow a fast-track procedure.
- * AMI-SeCo on 19 December 2019: the AMI-SeCo agreed to the recommendation of the CRG.
- * NECSG on 20 December 2019: the NECSG is in favour of authorising CR-728.
- * CSG on 20 December 2019: The CSG is in favour of authorising CR-728.
- * PMG on 20 December 2019: the PMG proposed to allocate CR-728 to T2S R4.2 and launched its detailed assessment
- * MIB on 28 January 2020: the MIB authorised CR-728.
- * OMG on 31 January 2020: The OMG did not identify any new operational impact by including CR-728 in the scope of R4.2.
- * CRG on 31 January 2020: The CRG recommends the implementation of the CR in R4.2. to the PMG.
- * PMG on 31 January 2020: The PMG recommended the implementation of the CR in R4.2.
- * CSG on 5 February 2020: The CSG approved the inclusion of CR-728 in R4.2.
- * NECSG on 10 February 2020: The NECSG approved the inclusion of CR-728 in T2S R4.2.
- * MIB on 13 February 2020: The MIB approved the inclusion of CR-728 in the scope of R4.2 without discussion.

EUROSYSTEM ANALYSIS – GENERAL INFORMATION

T2S Specific Components		Common Components	
LCMM			
	Instructions validation		
x	Status management		
	Instruction matching		
	Instructions maintenance		
	Penalty Mechanism		
Settlement			
x	Standardisation and preparation to settlement		
	Night-time Settlement		
	Daytime Recycling and optimisation		
	Daytime Validation, provisioning & booking		
	Auto-collateralisation		
Liquidity Management			
	Outbound Information Management		
	NCB Business Procedures		
	Liquidity Operations		
T2S Interface (as of June 2022 without Static Data Management, Communication for SDMG, Scheduler, Billing)			
	Communication		
	Outbound Processing		
	Inbound Processing		
Static Data Management (until Nov 2021)		Common Reference Data Management (from PROD R5.2 Nov 2021)	
	Party data management		Party data management
	Securities data management		Securities data management
	Cash account data management		Cash account data management
	Securities account data management		Securities account data management
x	Rules and parameters data management		Rules and parameters data management
Statistics and archive		Statistics and archive	
	Statistical information (until Nov 2021)		Short term statistical information
	Legal archiving (until Nov 2021)		Legal archiving (from PROD R5.2)
			Data Warehouse (from PROD R5.2)
Information (until June 2022 containing reference data)		CRDM business interface (from PROD R6.0 June 2022)	
x	Report management		Report management

	Query management		Query management
			Communication
			Outbound Processing
			Inbound Processing
Operational Services			
	Data Migration (T2S DMT)		Data Migration (CRDM DMT, from PROD R5.2)
	Scheduling (until Nov 2021)		Business Day Management (from PROD R5.2)
			Business Day Management business interface (from PROD R6.0)
	Billing (until June 2022)		Billing (from PROD R5.2)
			Billing business interface (from PROD R6.0)
	Operational Monitoring		Operational and Business Monitoring

Impact on major documentation		
Document	Chapter	Change
Impacted GFS chapter		
Impacted UDFS chapter	2.20.3.3 Statement of transaction. Semt.017	Add BSSP as a possible value for the "Settlement Transaction Condition Indicator".
	2.20.3.3 Statement of transaction. Semt.018	Add BSSP as a possible value for the "Settlement Transaction Condition Indicator".
Additional deliveries for Message Specification	Securities Settlement Transaction Status Advice sese.024.001.10	Unprune the proprietary block of the Settlement Transaction Condition block. Update of the T2S use and T2S mapping of the new unpruned elements.
	Securities Settlement Transaction Confirmation sese.025.001.09	
	Securities Settlement Transaction Allegement Notification sese.028.001.07	
	Securities Transaction Posting Report semt.017.001.08	
	Securities Settlement Transaction Instruction sese.023.001.09	
	Securities Transaction Pending Report semt.018.001.10	
UHB	2.2.2.18 Settlement Instruction – Details Screen	Add value BSSP in field "Settlement Transaction Condition Indicator" of the "Detailed Information" tables in both sections The 'Opt- out ISO Transaction Condition Indicator' field will be changed in 'Settlement Transaction Condition Indicator'
	2.2.2.19 Settlement Instruction – New Screen	
	2.4.1.14 Available Report - Statement of Pending Instructions - Details Screen 2.4.1.21 Available Report - Statement of Transactions - Details Screen	
Other documentations	DMT	Add code "BSSP" to the Settlement Transaction Condition Code values
Links with other requests		

Links	Reference	T2S-0717-URD and T2S-0654-URD
OVERVIEW OF THE IMPACT OF THE REQUEST ON THE T2S SYSTEM AND ON THE PROJECT		
Summary of functional, development, infrastructure and migration impacts		
<p>In order to allow users to identify new Settlement Instructions created as a result of partially successful buy-in processes, the new code BSSP (buy in partially successful) will be used.</p> <ul style="list-style-type: none"> ▪ <u>A2A mode</u> The proprietary block within the Settlement Transaction Condition of the sese.023 will be unpruned for including this new code. The “BSSP” code will be informed in the sese.023 as follows: <ul style="list-style-type: none"> - The element /SttlmParams/SttlmTxCond/Prtry/Id will be unpruned to include the “BSSP” value, and limited to the use of this code (i.e. no other values will be allowed); - The element /SttlmParams/SttlmTxCond/Prtry/SchmeNm will be unpruned. - The element /SttlmParams/SttlmTxCond/Prtry/Issr will be unpruned and the allowed values will not be restricted <p>T2S will store and report in the relevant fields of the following outbound messages the Settlement Transaction Condition with value BSSP.</p> <ul style="list-style-type: none"> ▪ Securities Settlement Transaction Status Advice (sese.024.001.10) ▪ Securities Settlement Transaction Confirmation (sese.025.001.09) ▪ Securities Settlement Transaction Allegement Notification (sese.028.001.08) <ul style="list-style-type: none"> ▪ <u>U2A mode</u> The new code BSSP will be one of the possible values in the existing field “Settlement Transaction Condition Indicator” in the “Settlement Instruction– New Screen”. Additionally, this new code will be reported in the same field in the “Settlement Instruction – Details Screen” <ul style="list-style-type: none"> ▪ <u>DMT</u> In order to follow the like for like approach, the DMT will be updated for including BSSP as a valid code for the Settlement Transaction Condition Indicator. <ul style="list-style-type: none"> ▪ <u>Reports and queries</u> The new code BSSP will be included as one of the values of the “Settlement Transaction Condition” to be reported in the following reports: <ul style="list-style-type: none"> - Securities Transaction Posting Report (semt.017.001.09) - Securities Transaction Pending Report (semt.018.001.10) <p>For the short term solution “BSSP” will be reported in SttlmTxCond/Prtry/Id. The mapping will be adapted.</p> <p>The flat file version of semt.017 and semt.018 will also report the new code BSSP.</p> <p>Main cost drivers: The outbound communication processes has to be modified to enrich the impacted messages with the new proprietary block that includes the BSSP code. Settlement instructions screens are also impacted as this code has to be available U2A. Additionally the BSSP code has to be informed in the flat files hence the extraction of data has to be modified in order to retrieve this new information.</p> <p>Testing activities will be executed to ensure that T2S allows the input of this new code in U2A and that the proprietary block informing the new code is correctly reported in the outbound communications and in the details screen. Also it has to be tested that the BSSP is correctly reported in the flat file of semt.017 and semt.018 and that DMT supports the inclusion of this new code as a settlement transaction condition.</p>		
Summary of project risk		
N.a.		
Security analysis		
No adverse effect has been identified in security assessment.		



27 January 2020

Cost assessment on Change Requests

T2S-728-SYS – T2S must be able to identify, store, and report settlement information related to settlement instructions created as a result of partially successful buy-in			
One-off	Assessment costs*		
	- Preliminary	2,000.00	Euro
	- Detailed	10,000.00	Euro
One-off	Development costs	236,226.44	Euro
Annual	Operational costs		
	- Maintenance costs	21,137.41	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).