



EUROPEAN CENTRAL BANK
EUROSYSTEM

T2S CHANGE REQUEST FORM		
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: VP Securities	Institute: CSD	Date raised: 06/08/2020
Request title: No check of the Minimum Settlement Unit upon revalidation of partially settled instructions and partially settled settlement restrictions		Request No.: T2S 0740 SYS
Request type: Common	Classification: Maintenance	Urgency: Normal
1. Legal/business importance parameter¹: Medium	2. Market implementation efforts parameter²: Low	
3. Operational/Technical risk parameter³: Low	4. Financial impact parameter⁴: Low	
Requestor Category: CSD	Status: Authorised by the T2S Steering Level	

Reason for change and expected benefits/business motivation:

In order to take advantage of partial settlement in T2S the Minimum Settlement Unit (MSU) of the settled ISIN applies for the first partial settlement. After the first partial settlement, the settlement instruction can partially settle quantities lower than the MSU during the settlement day with the relevant threshold taking place equal to the settlement unit multiple.

Currently, In case a partially settled instruction has a remaining quantity lower than the MSU at the start-of-day in T2S, the remaining quantity will be automatically cancelled by the system at the start-of-day revalidation or in the revalidation triggered by a change in reference data.

The current revalidation implies that such partially settled instruction is not able to fully settle. The system should ensure that the agreed quantity between the settlement participants is able to settle with the MSU validation only to apply before the first partial settlement occurs in the instruction.

Description of requested change:

After the first partial settlement no automatic cancellation of a remaining quantity lower than the MSU should take place.

In particular, the Partial settlement processing and start-of-day revalidation should ensure that a settlement instruction with a remaining quantity is able to settle regardless of the change in settlement day. Also the revalidation of instructions triggered by a change in reference data should not perform the MSU check for a partially settled instruction.

The revalidation of the MSU should be removed for partially settled instructions as well as for partially settled settlement restrictions.

Submitted annexes / related documents:

Outcome/Decisions:

* CRG on 19 January 2021: the CRG agreed to recommend CR-740 for authorization by the T2S Steering Level.

*AMI-SeCo on 27 January 2021: the AMI-SeCo agreed to the CRG recommendation to authorise CR-740.

¹ Legal/business importance parameter was set to Medium because the CR mitigates the operational procedure as the cancellation as a result of the MSU validation in certain events is difficult to avoid and manage from a user perspective. There is a positive business impact to let the remaining quantity lower than the MSU settle in these certain events as well.

² Market implementation effort parameter was set to Low because no development is required on the user side (testing only)

³ Operational/technical risk parameter was set to Low because quantities already can settle lower than the MSU today and this is only an adjustment of the existing validation.

⁴ Financial impact parameter: Low (< 100kEUR)

- * CSG on 27 January 2021: the CSG agreed to authorise CR-740.
- * NECSG on 27 January 2021: the NECSG agreed to authorise CR-740.
- * MIB on 11 February 2021: the MIB agreed to authorise CR-740.

Documentation to be updated:

Preliminary assessment:

- **Financial impact: Low**
- **Impacted modules: LCMM**

- **Findings:**

T2S won't check the minimum settlement unit in the revalidation (SOD revalidation and revalidations triggered due to a static data update) for partially settled settlement instructions and settlement restrictions on securities. The Settlement Unit Multiple and Deviating Settlement Unit validation checks remains unaltered (i.e. partially settled instructions will be cancelled during the revalidation process if they not fulfilled the Settlement Unit Multiple and the Deviating Settlement Quantity).

The scope of the CR is limited to Settlement Instructions and Settlement Restrictions on securities (the Minimum Settlement Unit validation does not apply to Settlement Restrictions on cash).

- **Open issues:**

n/a

Detailed assessment:
