



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: 4CB	Institute: 4CB	Date raised: 10/12/2020
Request title: Logical deletion of Securities Accounts and purge of CMB Securities Account Links		Request ref. no: T2S 751 SYS
Request type: Common	Classification: Scope enhancement	Urgency: Fast track
1. Legal/business importance parameter¹: Medium	2. Market implementation efforts parameter²: Low	
3. Operational/Technical risk parameter³: Medium	4. Financial impact parameter⁴: Low-medium	
Requestor Category: Eurosystem	Status: Allocated to a Release	

Reason for change and expected benefits/business motivation:

In the context of the prospective migration of Euroclear Finland to T2S, a very high number of Securities Accounts (SACs) is expected to be loaded into T2S Reference Data upon migration (+/-2 millions), with significant numbers being opened/closed each year (est. 10-15% of the above figure).

Obsolete data should be progressively removed from the database, by logically deleting the Securities Accounts after they are closed, eventually leading to their automatic physical deletion after the retention period. This in order to:

- Reduce the number of items in the data tables, thus obtaining performance benefits;
- Make it possible to reuse the related Securities Account Number.

Given the volumes involved, A2A is the clear preferred channel for Euroclear Finland, so that maintenance can be as automated as possible.

However, the closure and deletion of SACs is subject to business validations. One of them is that any existing CMB Securities Account Links (CMB SAL) must be closed and deleted before a SAC can be closed. This particular validation is noteworthy since T2S does not have an A2A message for the deletion of CMB SAL; U2A is currently the only option.

This CR proposes a solution to improve the efficiency of the current design, making the Securities Account owner free to delete closed Securities Accounts.

This change may also benefit other T2S CSDs who would migrate to the T2S platform with a high number of Securities Accounts (i.e. end-investor markets).

Description of requested change:

T2S foresees that a Securities account can be logically deleted only after the logical deletion of other related items (see UDFS v5.2 1.6.3.3.5 Lifecycle of static data objects, and table 163 – Dependencies between Static Data objects). This mechanism is in place to ensure data consistency among the different connected items in the database.

Logically deleted items are purged (physically deleted) from the production database and archived in the archiving database after three months.

The proposed change is to introduce a deviation from this mechanism allowing to:

- logically delete a Securities Account even if related CMB Securities Account Links are still present and active in the production database;
- when purging the logically deleted Securities Account after three months, purge all the CMB Securities Account links related to the Account even if they are still active in the data table.

¹ Legal/business importance parameter was set to Medium because the CR would significantly improve the maintenance of reference data, particularly for CSDs operating on end-investor markets.

² Market implementation effort parameter was set to Low because no adaptations are needed on T2S user side

³ Operational/technical risk parameter was set to Medium because the relevant procedures and actions, for liaising with the deletion of Securities Accounts, and their related items has to be foreseen.

⁴ Low < 100kEUR < Low-Medium < 200 kEUR < Medium < 400kEUR < High < 700kEUR < Very high

The system will allow the logical deletion of a SAC starting on the first business date after the SAC's closing date. In line with existing validations, it will still be necessary to delete any related CSD Account Links and CMBs (if the SAC is used as Receiving or Regular Account in a CMB) via U2A intervention; the latter under the responsibility of the relevant Central Bank.

Submitted annexes / related documents:

High level description of Impact:

The Business Rule preventing the deletion of the Securities Account if related objects exist (DAD1030) will be amended in order to allow the responsible CSD to delete the SAC after closing it even with active (and closed) CMB Securities Account Links.

The purge process must be amended so that, when purging a logically deleted SAC, it will also purge the CMB Securities Account links related to it whatever their status.

During the timeframe where SACs are already logically deleted but their corresponding CMB SAC Links are still in place, the respective queries will return these links despite the deletion of the SAC.

Outcome/Decisions:

- *CRG on 18 December 2020: the CRG agreed to recommend CR-751 for authorisation by the T2S Steering Level.
- * AMI-SeCo on 12 January 2021: the AMI-SeCo agreed to the CRG recommendation to authorise CR-751.
- * CSG on 12 January 2021: the CSG agreed to authorise CR-751.
- * NECSG on 12 January 2021: the NECSG agreed to authorise CR-751.
- * PMG on 20 January 2021: the PMG launched the detailed assessment of CR-751 in a view to R6.0.
- * MIB on 27 January 2021: the MIB agreed to authorise CR-751.
- *CRG on 25 May 2021: the CRG agreed to recommend to the PMG the inclusion of CR-751 in R6.2.
- * OMG on 28 May 2021: the OMG identified an operational impact from the inclusion of CR-751 in R6.2.
- * PMG on 28 May 2021: the PMG agreed to the inclusion of CR-751 in R6.2.
- * CSG on 22 June 2021: the CSG approved the inclusion of CR-751 in the scope of R6.2.
- * NECSG on 22 June 2021: the NECSG approved the inclusion of CR-751 in the scope of R6.2.
- * MIB on 14 July 2021: the MIB approved the inclusion of CR-751 in the scope of R6.2.

Documentation to be updated:

UDFS v5.2 Section 1.6.3.3.5 Lifecycle of static data objects

Table 163 – Dependencies between static data objects

OBJECT	DEPENDENT OBJECTS
...	...
Securities Account	CSD Account Link, CMB ⁵ Securities Account Link

Addition of the following footnote to the table :

Securities Accounts can be deleted even if they are referenced in active CMB Securities Account links, which will be purged along with the Securities Account after three calendar months.

Table 164 – Relations between static data objects that do not trigger deletion priority checks

OBJECT	DEPENDENT OBJECTS

⁵ A CMB is dependent on a Securities Account if this Securities Account is defined as Regular or Receiving Account in the CMB.

...	...
Securities Account	CoSD Rule
<u>Securities Account</u>	<u>CMB Securities Account Link</u>
...	...

UDFS v5.2 Section 4.1, Index of Business Rules and Error Codes

BR NAME	DESCRIPTION	INBOUND MESSAGE	REPLY MESSAGE	REASON CODE	ERROR TEXT
...
DAD1030	A Securities Account cannot be deleted if there are still active CSD Account Links, <u>or</u> Credit Memorandum Balance <u>or</u> CMB Securities Account Link linked to it in T2S.	reda.032	reda.020	REJT	Operation not allowed due to an active and linked instance.

UHB v5.2 Sections 6.4.2.163 Securities Account – Details Screen and 6.4.2.166 Securities Accounts - Search/List Screen (List of References for Error Messages)

Reference for error message	Field or Button	Error Text	Description
...
DAD1030	I Delete button	Operation not allowed due to an active and linked instance.	A Securities Account cannot be deleted if there are still active CSD Account Links, <u>or</u> Credit Memorandum Balance <u>or</u> CMB Securities Account Link linked to it in T2S.

Preliminary assessment:

Detailed assessment:

EUROSYSTEM ANALYSIS – GENERAL INFORMATION

T2S Specific Components		Common Components
LCMM		
	Instructions validation	
	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 June 2022)		Common Reference Data Management (from R6.0 June 2022)	
	Party data management		Party data management
X	Securities data management	X	Securities data management
	Cash account data management		Cash account data management
	Securities account data management		Securities account data management
	Rules and parameters data management		Rules and parameters data management
Statistics and archive		Statistics and archive	
	Statistical information (until June 2022)		Short term statistical information
	Legal archiving (until June 2022)		Legal archiving (from R6.0)
		X	Data Warehouse (from R6.0)
Information (until June 2022 containing reference data)		CRDM business interface (from R6.0 June 2022)	
	Report management		Report management
	Query management		Query management
			Communication
			Outbound Processing
			Inbound Processing
Operational Services			
	Data Migration (T2S DMT)		Data Migration (CRDM DMT, from R6.0)
	Scheduling (until June 2022)		Business Day Management (from R6.0)
			Business Day Management business interface (from R6.0)
	Billing (until June 2022)		Billing (from R6.0)
			Billing business interface (from R6.0)
	Operational Monitoring		Operational and Business Monitoring
	MOP Contingency Templates		

Impact on major documentation		
Document	Chapter	Change
Impacted GFS chapter		
Impacted UDFS	1.6.3.3.4 Static data archiving and	Describe the deviation to the standard

chapter	purging 1.6.3.3.5 Lifecycle of static data objects 4.1 Index of Business Rules and Error Codes	mechanism when purging the logically deleted SAC after three months. The purge process must be amended so that, when purging a logically deleted Securities Accounts, the system purges also all the CMB Securities Account Links that reference the purged Securities Account, regardless of whether the links themselves have been logically deleted. Addition of a footnote for SAC and tables 163-164 amendment. Modification of the description of the DAD1030.
Additional deliveries for Message Specification (UDFS, MyStandards, MOP contingency templates)		
UHB	6.4.2.163 Securities Account – Details Screen 6.4.2.166 Securities Accounts - Search/List Screen (List of References for Error Messages)	Modification of the description of the DAD1030 in the related sub-sections.
External training materials		
Links with other requests		
Links	Reference	Title
OVERVIEW OF THE IMPACT OF THE REQUEST ON THE T2S SYSTEM AND ON THE PROJECT		
Summary of functional, development, infrastructure and migration impacts		
<p>The Business Rule preventing the deletion of the Securities Account if related objects exist (DAD1030) will be amended in order to allow the responsible CSD to delete the SAC after closing it (i.e. at least one business day after their closing date) even with active (and closed) CMB Securities Account Links.</p> <p>The purge process must be amended so that, when purging a logically deleted SAC, it will also purge the CMB Securities Account links related to it whatever their status.</p> <p>In order to ensure the data consistency within the SETT domain, upon the logical deletion of a Securities Account, SETT must not allow anymore the updates of the related securities positions stored in its database. When such logical deletions are notified to SETT at the following Start of Day via the Static Data Replication process, SETT will check in its database whether any related securities position is non-null.</p> <p>If any, SETT will raise an alert (one per Securities Account) to the Operational Team (T2S Service Desk). In regard of EFI volumes, this alert may impact a high number of securities accounts.</p> <p>SETT will provide the T2S Service Desk with a view of securities positions and relevant CSD, with non-null positions. The T2S Service Desk will inform the CSDs holding such securities accounts in order to empty the related positions as soon as possible (Please note that such a procedure currently exists in case of deletion of an ISIN).</p> <p>Once SDMG has restored the deleted securities account, a notification will be sent to SETT at the following Start of Day.</p> <p>Additionally, the purge process in the DWH must be amended, too, to ensure that the CMB Securities Account Links will be purged at the same point in time as the SAC.</p>		
Main cost drivers		
- modification of back-end business rule in the Delete function and of the Purge process.		
Impact on other TARGET Services and projects		
ECMS: no impact TIPS: no impact CSLD: no impact TARGET2: no impact		

Summary of project risk
None
Security analysis
No potentially adverse effect has been identified during security assessment.



10 May 2021

Cost assessment on Change Requests

T2S-751-SYS – Logical deletion of Securities Accounts and purge of CMB Securities Account Links			
One-off	Assessment costs*		
	- Preliminary	2,000.00	Euro
	- Detailed	10,000.00	Euro
One-off	Development costs	194,073.21	Euro
Annual	Operational costs		
	- Maintenance costs	16,069.34	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).