



EUROPEAN CENTRAL BANK

EUROSYSTEM

T2S CHANGE REQUEST FORM		
<b>General Information (Origin of Request)</b> <input type="checkbox"/> User Requirements (URD) or GUI Business Functionality Document (BFD) <input checked="" type="checkbox"/> Other User Functional or Technical Documentation (SYS)		
<b>Request raised by:</b> Clearstream	<b>Institute:</b> CSD	<b>Date raised:</b> 17/02/2021
<b>Request title:</b> If an instruction is cancelled, then T2S should no longer consider it to be part of a Pool		<b>Request No.:</b> T2S 0756 SYS
<b>Request type:</b> Common	<b>Classification:</b> Maintenance	<b>Urgency:</b> Normal
1. <b>Legal/business importance parameter:</b> Medium <sup>1</sup>	2. <b>Market implementation efforts parameter:</b> Low <sup>2</sup>	
3. <b>Operational/Technical risk parameter:</b> Low <sup>3</sup>	4. <b>Financial impact parameter:</b> Medium	
<b>Requestor Category:</b> CSD	<b>Status:</b> Authorised by the T2S Steering Level	

#### **Reason for change and expected benefits/business motivation:**

Using an Instruction Pool is an efficient functionality to handle situations where a large number of instructions must settle in parallel, e.g. when applying corporate actions on stock.

However, once an instruction has been instructed with a given Pool Reference, it is no longer possible to remove it from the pool. Namely, even if the instruction is cancelled, it is still considered in the total number of instructions identified by T2S as belonging to that pool, which is used to verify whether the pool is complete, i.e. whether the Total Number of Instructions identified by T2S as belonging to that pool is equal to the Pool counter defined for this pool.

The only option to remove an instruction from a given pool is to cancel the entire set of instructions in the pool, and to re-instruct the entire set.

This logic should be adjusted so that the T2S-internal Number of instructions identified by T2S as belonging to a given pool is updated whenever an instruction in the pool is cancelled. Then it will be possible to remove a given instruction from a pool by cancelling it, and to replace such an instruction by re-instructing a corrected one, but without affecting the other instructions in the pool.

#### **Description of requested change:**

T2S logic to identify the number of settlement instructions / settlement restrictions belonging to a given Pool Reference should be adjusted as follows:

- When identifying settlement instructions / settlement restrictions belonging to a given Pool Reference, T2S considers Settlement Instructions / Settlement Restrictions that are:
  - Accepted and
  - Not Cancelled

In other words, an instruction/restriction that is rejected by T2S does not contribute to the number of instructions identified by T2S as belonging to a given Pool, and an instruction/restriction that is cancelled (by T2S or by a T2S Actor) does no longer contribute to the number of instructions identified by T2S as belonging to a given Pool.

If this logic is applied, cancelling an instruction will also remove it from a Pool, and allow it to be replaced in that same pool by another newly submitted instruction.

Note on T2S status reporting in case an instruction is removed from a pool:

- In case a pool is complete (from a Settlement point of view, meaning that all instructions in the pool are present in T2S and matched), and an instruction is removed from the pool via cancellation, then the pool is no longer complete. In such cases, T2S should inform the corresponding T2S Actors via sese.024

<sup>1</sup> Parameter was set to "MEDIUM" as the change increases the usability of the system.

<sup>2</sup> Parameter was set to "LOW" as the change is optional for T2S Actors, i.e. they can also decide to stick to the current way for handling of Pools with cancelled instructions.

<sup>3</sup> Parameter was set to "LOW" as the change does not affect any SLA.

- pending/failing INBC on all instructions that are still in the pool (as a settlement eligibility failure).
- In case a pool is not yet complete, and an instruction is removed from the pool via cancellation, then this shall not trigger any status reporting on the other legs in the pool (as per the existing T2S reporting rules, as there is no change in status, reason code or applicable business rule for these instructions).

**Submitted annexes / related documents:**

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**Outcome/Decisions:**

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- \*CRG on 24 March 2021: the CRG agreed to launch the preliminary assessment of CR-756
- \* CRG on 07 July 2021: the CRG agreed to recommend CR-756 for authorization by the T2S Steering Level
- \* AMI-SeCo on 15 July 2021: the AMI-SeCo agreed with the CRG recommendation of CR-756 for T2S Steering Level authorisation
- \*CSG on 15 July 2021: the CSG agreed to authorise CR-756
- \*NECSG on 15 July 2021: the NECSG agreed to authorise CR-756
- \*MIB on 11 August 2021: the MIB agreed to authorise CR-756

**Documentation to be updated:**

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**Preliminary assessment:**

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- **Impact: Medium**
- **Impacted modules: LCMM, SETT**
- **Impact on other Eurosystem Services or Projects: None**
- **Findings:**

The validation process for settlement instructions and restrictions needs to be updated to accept instructions belonging to a pool where only instructions with the same Pool Identification (i.e. Pool Reference) and not cancelled (i.e. status NCAN) are taken into account by the counter of the Pool Instruction Counter.

The Pool Instruction Counter is not modified when an instruction is cancelled. That means that if an instruction belonging to a pool is cancelled, the pool is uncompleted until a new instruction is instructed to replace the cancelled one.

Following further changes are necessary:

- Adaption of the processing rules in order to manage the counters during the link set creation and updates processes in case of pools.
- Adaption of the reporting rules in case of cancellation of settlement instruction(s) belonging to a pool.
- **Open issues/ questions to be clarified by the originator:**
- Could you please clarify how should the process work in case of presence in the pool of settlement instructions linked "WITH" to other instructions not included in the current pool?

**Detailed assessment:**

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