T2S CHANGE REQUEST FORM

General Information (Origin of Request)
☐ User Requirements (URD) or GUI Business Functionality Document (BFD)
☒ Other User Functional or Technical Documentation (SYS)

Request raised by: Deutsche Bundesbank	**Institute:** NCB	**Date raised:** 23/11/2015
Request title: A2A message to remove close links		**Request ref. no:** T2S 0572 SYS
Request type: Common	**Classification:** Scope enhancement	**Urgency:** Normal
1. Legal/business importance parameter: Medium		**2. Market implementation efforts parameter:** Medium
3. Operational/Technical risk parameter: Medium		**4. Financial impact parameter:** Low-medium
Requestor Category: NCB		**Status:** Implemented

Reason for change and expected benefits/business motivation:

In the context of T2S auto-collateralisation, the handling of eligible securities-related static data is not fully automated. More specifically, while the daily dissemination containing newly created close links is handled automatically via A2A message (Close Link Creation Request - reda.027), the deletion of close links is only foreseen to be handled via U2A (Close Links screen). Since banks are often buying and selling shares of other banks it is to be expected that the required amount of deletions of close links is not manageable in U2A mode only. The U2A mode is also prone to errors and more cumbersome as it is a manual process.

After the Go-Live of the ECMS and the creation of the separate close link database for (NCB) auto-collateralisation (T2S-0530-SYS - One close link database for Eurosystem NCBs and separate database per non-EUR currency), the deletion of a close link should be a fully automated process that allows the communication between ECMS and T2S.

As per Change Requests T2S-0436-URD (Client-collateralisation: allow payment banks to set up their own list of close links) and T2S-0530-SYS (One close link database for Eurosystem NCBs and separate database per non-EUR currency), both NCBs (e.g. Eurosystem NCBs represented by ECMS, the Danish Central Bank) and Payment Banks can make use of the T2S close link functionality, the A2A deletion message should be available for both NCBs (e.g. Eurosystem NCBs represented by ECMS, the Danish Central Bank) and payment banks.

Description of requested change:

It should be possible to remove close links via an A2A message for both Central Banks (in the context of Central Bank auto-collateralisation) and payment banks (in the context of client-collateralisation). A new A2A message should be developed to delete close links. Ideally, this new message should follow the same approach as the new message envisaged in Change Request T2S-0384-SYS (A2A message to remove eligibility links).

The solutions implemented for CR530 and CR436 may have an impact on this CR and should be analysed in parallel.

In case of contingency situations, Eurosystem NCBs can request the deletion of close links as part of an operational procedure to ensure that ECMS and T2S are aligned.

Any deletion request sent by a Eurosystem NCB (contingency situations) or ECMS (normal day-to-day operations) will delete the close link of the relevant security for all Eurosystem NCBs.

Submitted annexes / related documents:

Outcome/Decisions:

*CRG meeting of 15 December 2015: The CRG decided to put the Change Request on hold and identified as potential candidate for Release 2.0.

* CRG meeting of 8-9 February 2016: The CRG decided to put the Change Request on hold for Release 2.0. The CRG acknowledged the SGMS feedback that a new message should be developed for removing the close links and the CRG agreed to update the Change Request accordingly.

* CRG meeting on 6 September 2016: The CRG recommended launching the preliminary assessment on the Change Request from 26 September 2016 to 17 October 2016 (batch 1).

* OMG on 05 October 2016: During a written procedure from 14 September 2016 to 06 October 2016, the Operations Managers Group did not identify any blocking operational impact of the Change Request.

* CRG meeting on 26 October 2016: The CRG took note of the T2S functionalities/modules impacted by the Change Request following the 4CB preliminary assessment and that there are synergies with the Change Request T2S 0436 URD (Client-collateralisation: allow payment banks to set up their own list of close links) and T2S-0530-URD (One close link database for Eurosystem NCBs and separate database per non-EUR currency), therefore a joint implementation is favourable.

* CRG meeting on 4 July 2018: The CRG agreed to update the CR and recommend to the Steering Level the availability of the CR for release allocation.

* AMI SeCo on 16 July 2018 (written procedure): The AMI-SeCo agreed to the recommendation of the CRG

* CSG on 17 July 2018 (written procedure): The CSG confirmed the availability of the CR for release allocation.

* MIB on the 12 September 2018: The MIB has approved the updates on this Change Request.

* PMG on 5 March 2020: The PMG proposed the allocation of this CR to T2S release 5.0

* CRG on 2 July 2020: The CRG agreed to recommend to the PMG the inclusion of the CR in R5.0.

* PMG on 17 July 2020: The PMG requested the 4CB to reassess the CR with a view to deliver the CR with R5.2

* CRG on 7 August 2020: the CRG recommends to the PMG the implementation of the CR in release 5.2.

* PMG on 12 August 2020: The PMG recommended to the Steering Level the allocation of the CR to R5.2

* CSG on 18 August 2020: The CSG approved the allocation of the CR to R5.2

* NECSG on 18 August 2020: The NECSG approved the allocation of the CR to R5.2

* MIB on 27 August 2020: The MIB approved the allocation of the CR to R5.2

* OMG on 27 October 2020: The OMG identified no operational impact.

* CRG on 19 January 2021: The CRG agreed to update the CR (message documentation)

* OMG on 27 January 2021: the OMG confirmed the earlier operational assessment of CR-572

Documentation to be updated:

UDFS v5.0 Section 1.2.3.1 Setup of auto-collateralisation eligibility, securities valuation and close links in T2S

[…]

Central Banks and payment banks are responsible for defining the eligibility for auto-collateralisation purpose of the relevant securities and for providing prices for the valuation of securities positions for auto-collateralisation. Only Central Banks have the option to set up the relevant close links between parties and financial instruments. This information can be provided directly by the relevant actors, or indirectly via a collateral management system. For Eurosystem NCBs, this data will normally be loaded by the Eurosystem Collateral Management System (ECMS). In contingency situations, Eurosystem NCBs can request an operational procedure to ensure the data in ECMS and T2S is aligned.
[…]

The configuration of all the static data objects related to the setup of auto-collateralisation in T2S with the exception of securities valuations provided by CBs and Payment Banks, takes place according to the dialogue pattern described by the "Maintain SD" use case (see section Maintain Static Data Object [▶ **Error! Bookmark not defined.**]). These are the messages available in A2A mode for the setup of auto-collateralisation information in T2S:

l EligibleSecuritiesCreationRequest [▶ **Error! Bookmark not defined.**] for securities auto-collateralisation eligibility;

l CollateralValueCreationRequest [▶ **Error! Bookmark not defined.**] for securities valuations;

l CloseLinkCreationRequest [▶ **Error! Bookmark not defined.**] and CloseLinkDeletionRequest[1] for close links.

UDFS v5.0 Section 1.6.3.3.2 Static data maintenance types

TABLE 1 - MANAGEMENT OF STATIC DATA OBJECTS IN A2A MODE

AREA	OBJECT	A2A FUNCTION
Party	Party	Create, Update, Delete
	Eligible counterpart CSD link	Create
Securities	Securities	Create, Update, Delete
	Securities CSD link	Create, Update
	Securities valuation	Create
	Close link	Create, Delete
	Auto-collateralisation eligibility link	Create
[…]		

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[1] New Message name could be subject to change by Registration Authority.

UDFS v5.0 Section 2.21.2 Maintain Static Data Object – Activity Diagram

SD OBJECT	SD MAINTENANCE REQUEST		SD MAINTENANCE REQUEST STATUS/ "REJECTED"		SD MAINTENANCE REQUEST STATUS/ "QUEUED"		SD MAINTENANCE REQUEST STATUS/ "COMPLETED"	
	ISO MESSAGE	ISO CODE	ISO MESSAGE/ MESSAGE USAGE	ISO CODE	ISO MESSAGE/M ESSAGE USAGE	ISO CODE	ISO MESSAGE/ MESSAGE USAGE	ISO CODE
[…]								
Close Link	CloseLinkCreationRequest [Error! Bookmark not defined.]	reda.027 .001.01	CollateralData StatusAdvice [Error! Bookmark not defined.] / "Rejected" [Error! Bookmark not defined.]	reda.028. 001.01	CollateralDataStatusAdvice [Error! Bookmark not defined.] / "Queued" [Error! Bookmark not defined.]	reda.028.00 1.01	CollateralData StatusAdvice [Error! Bookmark not defined.] / "Completed" [Error! Bookmark not defined.]	reda.028. 001.01
Close Link	CloseLinkDeletionRequest	reda.077 .001.01	CollateralData StatusAdvice / "Rejected"	reda.028. 001.01	CollateralDataStatusAdvice / "Queued"	reda.028.00 1.01	CollateralData StatusAdvice / "Completed"	reda.028. 001.01

UDFS v5.0 new section 3.3.6.46 CloseLinkDeletionRequestV01

3.3.6.46   CloseLinkDeletionRequestV01 (reda.077.001.01)

3.3.6.46.1 Overview and scope of the message

This chapter illustrates the *CloseLinkDeletionRequestV01* message.

The *CloseLinkDeletionRequestV01* is sent by CBs, external collateral management systems or payment banks to T2S.

It is used for instructing the deletion of a close link by providing details about the close link to be deleted.

In the response, T2S sends reda.028.001.01 [**Error! Bookmark not defined.**] when the deletion of the close link has been successfully processed, queued or has been rejected.

3.3.6.46.2 *The T2S-specific schema*

Outline of the schema

The message *CloseLinkDeletionRequestV01* is composed of the following message building blocks:

MessageIdentification

This building block is mandatory and non repetitive. It must contain an identification assigned by the sending party to uniquely and unambiguously identify the message.

CloseLink

This building block is mandatory and non repetitive. It contains detailed information related to the close link deletion message. It includes the following elements:

l   Identification for security;

l   Party for which the close link to be deleted has been formerly created;

l   The Party providing credit.

References/Links

The T2S-specific schema and documentation in HTML/PDF format as well as the message examples are provided outside of this document under the following link:

http://www.swift.com/mystandards/T2S/reda.077.001.01_T2S

Business rules applicable to the schema

MESSAGE ITEM	DATA TYPE/ CODE	BUSINESS RULES
CloseLink /Document/ClsLkDeltnReq/ClsLk	CloseLink4	DSD2001 [▸ **Error! Bookmark not defined.**] DSD2003 [▸ **Error! Bookmark not defined.**]
SecurityIdentification /Document/ClsLkDeltnReq/ClsLk/SctyId	ISINOct2015Identifier	DSD2014 [**Error! Bookmark not defined.**]

3.3.6.46.3 *The message in business context*

Message example: reda.077.001.01_T2S_DeleteCloseLink_Example.xml

In this example a CB requests the deletion of a close link for security with ISIN "XXABCDEFGHIJ" and party "PARXAABBXXX".

MyStandards message documentation

Inclusion of documentation related to new message.

Detailed assessment:

EUROSYSTEM ANALYSIS – GENERAL INFORMATION	

T2S Specific Components		Common Components	
LCMM			
	Instructions validation		
	Status management		
	Instruction matching		
	Instructions maintenance		
	Penalty Mechanism		
Settlement			
	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		
x	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**	
x	Statistical information (until June 2022)	x	Short term statistical information
x	Legal archiving (until June 2022)		Legal archiving (from R6.0)
			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
		x	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

OMEGA Templates		

Impact on major documentation

Document	Chapter	Change
Impacted GFS chapter		
Impacted UDFS chapter	1.2.3.1 Setup of auto-collateralisation eligibility, securities valuation and close links in T2S	Inclusion of a note related to the loading of close links for Eurosystem NCBs by ECMS. Inclusion of a reference to the new A2A message.
	1.6.3.3.2 Static data maintenance types	Inclusion of Delete operation for Close links in A2A mode.
	2.21.2 Maintain Static Data Object – Activity Diagram	Inclusion of new A2A message in table.
	New section 3.3.6.46 CloseLinkDeletionRequestV01	New section to be drafted for new A2A message.
Additional deliveries for Message Specification	reda.077.001.01 CloseLinkDeletionRequest	New message specification and examples to be created and uploaded in MyStandards
UHB		
Links with other requests		
Links	Reference	Title	

Summary of functional, development, infrastructure and migration impacts

A new A2A message will be developed to handle the deletion of Close links.

For Eurosystem NCBs, the creation and deletion of such data will be handled centrally by ECMS. In contingency situations, Eurosystem NCBs will be able to request to align the ECMS and T2S databases via operational procedure. In line with this, Eurosystem NCB party administrators may remove the relevant creation/deletion privileges from their users, although they will retain those privileges at Party level in order to propagate them to their Payment Banks (as required by CR436).

Based on the analysis, no switch-on mechanism is required to coordinate the deployment of the new functionality with the ECMS go-live (November 2023). The possible revocation of privileges from Eurosystem NCB business users should not have any impact on operations as the Close Link functionality is currently not used in T2S.

Due to the change of scope of the release impact on LTSI (update data dictionary) and LEA (new message to archive) was evaluated during the detailed reassessment.

New A2A message and respective flow will be introduced to the inbound processing of the INTF.

Main cost drivers:
Implementation of new A2A message and impact on related Static Data management function (coordination with SWIFT required).

Introduction of new A2A message and respective flow to the inbound processing.

Maintenance cost category: maintenance of new functionality.

CR category: scope enhancement.

Impact on other TARGET Services and projects

No impact on CSLD
No impact on TIPS
No impact so far on ECMS project.

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

6 August 2020

Cost assessment on Change Requests

T2S-572-SYS – A2A message to remove close links			
One-off	Assessment costs* - Preliminary - Detailed	2,000.00 30,000.00	Euro Euro
One-off	Development costs	172,742.99	Euro
Annual	Operational costs - Maintenance costs - Running costs	 13,892.14 0.00	 Euro 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).