EUROPEAN CENTRAL BANK

EUROSYSTEM

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: Clearstream	Institute: CSD	Date raised: 10/03/2021
Request title: Own party data must be present for already matched cross CSD instructions		Request No.: T2S 0758 SYS
Request type: Common	Classification: Scope Enhancement	Urgency: Fast track
1. Legal/business importance parameter: High[1]		2. Market implementation efforts parameter: Low[2]
3. Operational/Technical risk parameter: Low[3]		4. Financial impact parameter: Low-medium[4]
Requestor Category: CSD		Status: Implemented

Reason for change and expected benefits/business motivation:

With T2S CR T2S-383-URD, the possibility to submit already matched cross-CSD settlement instructions is introduced in T2S.
-   A T2S Actor located in one CSD would have the option to instruct an already matched instruction where the counterparty is located in a different T2S CSD.
-   The counterparty, and the CSD of the counterparty would be informed about such already matched cross-CSD instructions via a sese.023 copy message.

According to current T2S Business Rules:
-   it is mandatory to provide the party details (Party BIC and CSD BIC) of the counterparty in a settlement instruction,
-   however, the own party details can be left blank.

Now, if the instructing party decides to leave the own party details blank, then this information would also be missing in the sese.023 copy received by the counterparty / the counterparty CSD. This would create a situation where an instruction is informed against an account of the counterparty, but without providing the complete information about the party that instructed the already matched cross-CSD instruction (and which would be the counterparty to the counterparty).

This should be avoided by additional business rules on T2S to ensure that in already matched cross-CSD instructions own party details (Party BIC and Party CSD) are always provided.

Description of requested change:

Two new Business Rules should be introduced to ensure that already matched cross-CSD instructions always contain own party data:
-   If the instruction is an already matched cross-CSD delivery, then DeliveringDepository and DeliveringParty1 must be present.
-   If the instruction is an already matched cross-CSD receive, then ReceivingDepository and ReceivingParty1 must be present.

Submitted annexes / related documents:

-   Presentation "*03.02. T2S_0383_URD.Availability of Party and Party CSD info.pptx*", introduced in the CRG meeting on Feb 24, 2021.

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[1] Legal/business importance was set to HIGH as the change addresses an operational risk.
[2] Market implementation efforts parameter was set to LOW as the change does not require significant resources by T2S actors to implement.
[3] Operational/technical risk parameter was set to LOW as the change does not affect any SLA.
[4] Low < 100kEUR < Low-Medium < 200kEUR < Medium < 400kEUR < High < 700kEUR < Very high

Outcome/Decisions:

*CRG on 24 March 2021: the CRG agreed to recommend CR-758 for authorisation by the T2S Steering Level, following a fast-track approach.
* AMI-SeCo on 31 March 2021: the AMI-SeCo agreed to recommend CR-758 for authorisation by the T2S Steering Level.
* CSG on 31 March 2021: The CSG authorised the CR for allocation to a T2S release
* NECSG on 31 March 2021: The CSG authorised the CR for allocation to a T2S release

* PMG on 9 April 2021: The PMG launched the detailed assessment of the CR in view on R6.0

* MIB on 22 April 2021: the MIB authorised CR-758 for allocation to a T2S release

*CRG on 29 June 2021: the CRG agreed to recommend to the PMG the inclusion of CR-758 in Release 6.0

***OMG 29 June 2021: the OMG identified no additional operational impact due to the inclusion of CR-758 in R6.0
* PMG on 30 June 2021: the PMG agreed to include CR-758 in Release 6.0
*CSG on 09 July 2021: the CSG approved the inclusion of CR-758 in Release 6.0
* NECSG on 09 July 2021: the NECSG approved the inclusion of CR-758 in Release 6.0
* MIB on 14 July 2021: the MIB approved the inclusion of CR-758 in Release 6.0

Documentation to be updated:

Preliminary assessment:

Detailed assessment:

UDFS

The following **UDFS v6.0** sections should be modified:

3 Catalogue of messages
3.3.8.4 SecuritiesSettlementTransactionInstructionV09 (sese.023.001.09)
3.3.8.4.2 The T2S-specific schema
Business rules applicable to the schema

MESSAGE ITEM	DATA TYPE/ CODE	BUSINESS RULES
[…]		
AnyBIC Docu- ment/SctiesSttlmTxInstr/DlvrgSttlmPties/Dpstry/Id/AnyBIC	AnyBICIdentifier	[…] MVCV008 […]
AnyBIC Docu- ment/SctiesSttlmTxInstr/DlvrgSttlmPties/Pty1/ Id/AnyBIC	AnyBICIdentifier	[…] MVCV007 […]
AnyBIC Docu- ment/SctiesSttlmTxInstr/RcvgSttlmPties/Dpstry/Id/AnyBIC	AnyBICIdentifier	[…] MVCV006 […]

MESSAGE ITEM	DATA TYPE/ CODE	BUSINESS RULES
AnyBIC Docu- ment/SctiesSttlmTxInstr/RcvgSttlmPties/Pty1/I d/AnyBIC	AnyBICIdentifier	[…] MVCV005 […]
[…]		

3.3.8.4.3 The message in business context

Message example: sese.023.001._T2S_AlreadyMatched-Cross CSD_Example.xml

In this example, a settlement instruction cross CSD that has already been matched is sent requesting a debit of securities versus a credit of cash.
The T2S party, CSD Participant A (PRTAFRPPXXX) belonging to the CSD C (CSDCBIC1XXX) with a securities account '1000000123' in T2S has instructed, with 'normal' priority, the delivery of 100000 securities, ISIN00000001, to the securities account '1000000234', held by counterparty Participant B (PRTBBIC1XXX) belonging to CSD D (CSDDBIC1XXX) versus a payment of 234056 Euros for settlement on the 3/9/2021. CSD C Participant A's dedicated cash account is '9000000123' while CSD D Participant B's is '9000000234'.
Instructing party information is provided within the BAH which is not provided in the example.

4.1 Index of Business Rules and Error Codes

BR NAME	DESCRIPTION	INBOUND MESSAGE	REPLY MESSAGE	CODE USE	REASON CODE	ERROR TEXT
[…]						
MVCV005	The Party BIC of the Receiving Participant must be present in a receiving already matched cross-CSD settlement instructions	sese.023	sese.024	<Rjctd>	ICAG	The Party BIC of the Receiving CSD Participant is not specified in the Settlement Instruction.
MVCV006	The Receiving Depository BIC must be present in a receiving already matched cross-CSD settlement instruction	sese.023	sese.024	<Rjctd>	DEPT	The Receiving Depository BIC is not specified in the Settlement Instruction
MVCV007	The Party BIC of the Delivering Participant must be present in a delivering already matched cross-CSD settlement instructions	sese.023	sese.024	<Rjctd>	ICAG	The Party BIC of the Delivering CSD Participant is not specified in the Settlement Instruction.
MVCV008	The Delivering Depository BIC must be present in a delivering already matched cross-CSD settlement instruction	sese.023	sese.024	<Rjctd>	DEPT	The Delivering Depository BIC is not specified in the Settlement Instruction
[…]						

<u>**UHB**</u>

The following **UHB v6.0** sections should be modified:

2.2.2.19 Settlement Instruction - New Screen

FieldDescription

General		
Receiving Depository BIC	Enter the BIC of the receiving depository.	
	Required format is: max. 11 characters (SWIFT-x)	
	References for error messages [□2447]:	
	ǀ […]	
	ǀ <u>MVCV006</u>	
	~~In case the 'Securities Movement Type Code' is set to~~	
	~~'DELI' the field 'Receiving Depository BIC' becomes mandatory~~	
	<u>The field 'Receiving Depository BIC' becomes mandatory if:</u>	
	- <u>The 'Securities Movement Type Code' is set to 'DELI'.</u> - <u>The 'Securities Movement Type Code' is set to 'RECE' and the settlement instruction is already matched cross-CSD</u>	
Receiving CSD Participant		
<u>Party BIC</u>	<u>Enter the BIC of the receiving CSD participant.</u>	
	<u>Required format is: max. 11 characters (SWIFT-x)</u>	
	<u>References for error messages [} 2447]:</u>	
	ǀ […]	
	ǀ <u>MVCV005</u>	
	In case the 'Securities Movement Type Code' is set to 'DELI', the 'Receiving CSD participant – Party BIC' field becomes mandatory	
	<u>If the Securities Movement Type Code is set to 'RECE', and the settlement instruction is already matched cross-CSD, the 'Receiving CSD participant – Party BIC' field becomes mandatory</u>	
	[…]	

[...]	5

Delivering Depository BIC	Enter the BIC of the delivering depository.
	Required format is: max. 11 characters (SWIFT-x)
	References for error messages [} 2447]:
	
	| […]
	
	| MVCV008
	
	~~In case the 'Securities Movement Type Code' is set to 'RECE', the field 'Delivering Depository BIC' becomes mandatory.~~
	
	The field 'Delivering Depository BIC' becomes mandatory if:
	
	   - The 'Securities Movement Type Code' is set to 'RECE'.
	
	   - The 'Securities Movement Type Code' is set to 'DELI' and the settlement instruction is already matched cross-CSD

Delivering CSD Participant	
Party BIC	Enter the BIC of the delivering CSD participant. Required format is: max. 11 characters (SWIFT-x) References for error messages [} 2447]: | […] | MVCV007 In case the 'Securities Movement Type Code' is set to 'RECE', the 'Delivering CSD Participant - Party BIC' field becomes mandatory. If the Securities Movement Type Code is set to 'DELI', and the settlement instruction is already matched cross-CSD, the 'Delivering CSD participant – Party BIC' field becomes mandatory

6.4.2.185 Settlement Instruction - New Screen
⌂ [} 206]

Reference for error message	Field or Button	Error text	Description
[...]			
MVCV005	| Receiving CSD Participant Party BIC | Submit button	The Party BIC of the Receiving CSD Participant is not specified in the Settlement Instruction.	The Party BIC of the Receiving Participant must be present in a receiving already matched cross-CSD settlement instructions
MVCV006	| Receiving Depository BIC | Submit button	The Receiving Depository BIC is not specified in the Settlement Instruction.	The Receiving Depository BIC must be present in a receiving already matched cross-CSD settlement instruction

MVCV007	I Delivering CSD Participant Party BIC I Submit button	The Party BIC of the Delivering CSD Participant is not specified in the Settlement Instruction.	The Party BIC of the Delivering Participant must be present in a delivering already matched cross-CSD settlement instructions
MVCV008	I Delivering Depository BIC I Submit button	The Delivering Depository BIC is not specified in the Settlement Instruction.	The Delivering Depository BIC must be present in a delivering already matched cross-CSD settlement instruction

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EUROSYSTEM ANALYSIS – GENERAL INFORMATION	

T2S Specific Components		Common Components	
LCMM			
X	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
	Securities data management		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)
			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 chapter	**LCMM:** 3.3.8.4.2 The T2S-specific schema (sese.023) 4.1 Index of Business Rules and Error Codes **SETT:** 3.3.8.4.3 The message in business context	To include the mapping of the new business rules related to the new mandatory fields for cross-CSD already matched settlement instructions (i.e. own Party and Party CSD) To include the new business rules described in the CR Provide an example of an already matched cross-CSD settlement instructions
Additional deliveries for Message Specification (UDFS, MyStandards, MOP contingency templates)	**SETT:** Message documentation for sese.023 Securities Settlement Transaction Instruction V09 (sese.023.001.09)	MyStandards Sese.023 documentation: addition of new business rules on the following fields: *DeliveringDepository, DeliveringParty1, ReceivingDepository, ReceivingParty1*
UHB	**LCMM:** 2.2.2.19 Settlement Instruction - New Screen 6.4.2.185 Settlement Instruction - New Screen	To include the new business rules applicable to each relevant field To describe the fields where the new business rules apply.
External training materials		

OVERVIEW OF THE IMPACT OF THE REQUEST ON THE T2S SYSTEM AND ON THE PROJECT

Summary of functional, development, infrastructure and migration impacts

LCMM:

Validation Process

The CR-383 allows participants to send already matched settlement instructions in cross-CSD scenarios. As relevant information related to the CSD BIC and the party BIC of the leg being instructed is not mandatory (i.e. only the counterparty party data is mandatory), if this information is not included in the sese.023, the counterparty CSD, in a cross-CSD scenario, cannot identify who are the Party and Party CSD.

LCMM validation process needs to be enhanced to reject cross-CSD already matched instructions where the own party data (i.e. own Party and Party CSD information) is missing.

Currently, only the counterparty party data is mandatory in cross-CSD already matched instructions. This CR includes the own party data as mandatory for already matched settlement instructions in cross-CSD scenario. In particular, with this CR, the following fields will be mandatory:
- If the instruction is an already matched cross-CSD delivery, then DeliveringDepository and DeliveringParty1 must be present.
- If the instruction is an already matched cross-CSD receive, then ReceivingDepository and ReceivingParty1 must be present.

To ensure that this data is fulfilled, new consistency validations need to be included, to reject the instructions that do not pass the abovementioned validations. For that, new business rules are drafted.

Main Cost Drivers:
- Update the validation process to ensure that, in already matched Settlement Instructions in Cross-CSD scenarios, own party fields (Party BIC and Depository BIC) are mandatory.

–   Testing of the validation process to check that already matched Settlement Instructions in Cross-CSD scenarios are correctly accepted or rejected depending on how the fields own Party BIC and own Depository BIC are informed.
Impact on other TARGET Services and projects
TIPS: No impact. ECMS: No impact. CSLD: No impact. TARGET2: No impact.
Summary of project risk
Security analysis
No potentially adverse effect has been identified during the detailed assessment.

23 June 2021

Cost assessment on Change Requests

T2S-758-SYS – Own party data must be present for already matched cross CSD instructions			
One-off	Assessment costs* - Preliminary - Detailed	2,000.00 10,000.00	Euro Euro
One-off	Development costs	140,316.46	Euro
Annual	Operational costs - Maintenance costs - Running costs	 12,727.66 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).