

<b>General Information (Origin of Request)</b>		
<input checked="" type="checkbox"/> User Requirements (URD) <input checked="" type="checkbox"/> Other User Functional or Technical Documentation (SYS)		
<b>Request raised by:</b> NBB-SSS, Clearstream	<b>Institute:</b> CSD	<b>Date raised:</b> 10/07/2012
<b>Request title:</b> Common trade reference should be an additional matching field		<b>Request ref. no:</b> T2S_0347_URD
<b>Request type:</b> Common	<b>Urgency:</b> Normal	
<b>1. Legal/business importance parameter:</b> High	<b>2. Market implementation efforts parameter:</b> Low	
<b>3. Operational/Technical risk parameter:</b> Low	<b>4. Financial impact parameter:</b> (H, M, L) <i>(to be filled in by 4CB)</i>	
<b>Requestor Category:</b> CSD	<b>Status:</b> Rejected by Change Review Group	

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

For the time being, T2S does not foresee a “direct matching” feature where T2S Actors can request from T2S in the matching process to match to a specific counterparty leg. Such a request is only possible through an optional match field “Common Trade Reference”. However, in this case it could also happen that T2S matches vs. a blank field in the counterparty leg, even if the counterparty instruction with the correctly filled optional match field is already available in the system.

On the other hand, there are various processes where transactions are already defined outside of T2S and where it is therefore required to make sure that T2S correctly identifies and subsequently matches the legs that relate to such transactions. Some support is provided through the option to instruct as “already matched” instructions. There are, however, various cases where this will not be possible to use the “already matched” functionality, e.g. if:

- The two legs constitute a cross-border transaction
- The two legs contain a specific position type on the delivery as well as on the receipt side
- The two legs relate to two T2S Actors which have entered into a common agreement about a transaction but which don't have the privilege to instruct via PoA onto the other parties' accounts. This is expected to be the normal case rather than the exception.

In such cases, T2S Actors have to instruct both legs independently. In case the matching in T2S does not identify the “correct” leg to be matched but another one which happens to have the same match fields, a complex and cumbersome process is required to detect and cancel all related instructions bilaterally and to enter them new into the system in a specific order that prevents the incorrect matching.

It should be noted that the problem mentioned above can also occur across business processes. T2S does not consider the ISO transaction code during the matching, thus bearing the risk that instructions which happen to have the same settlement features but belong to different business processes are incorrectly matched in T2S.

These problems can be avoided by introducing an option in T2S for the T2S Actors to unambiguously identify the leg to which a particular instruction should be matched. The way how this can be achieved with the minimum implementation effort compared to the current configuration would be by turning the current optional matching field “common trade reference” into an additional matching field.

**Description of requested change:**

The common trade reference should be an additional matching field rather than an optional matching field. Thus, the common trade reference would become a mandatory matching criterion when either of the parties in a settlement instruction provides a value for this message field.

**Submitted annexes / related documents:****Proposed wording for the URD Change request:**

## 1. Impact on the User Requirements Document

The requirement T2S.05.590 (Non-mandatory matching fields) should be modified as follows:

**Non-mandatory matching fields**

<b>Reference ID</b>	T2S.05.590
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T2S shall support non-mandatory matching fields. Non-mandatory matching fields are fields in the settlement instruction that T2S matches when they are present. There are two types of non-mandatory matching fields:

1. An "additional matching field" is non-mandatory matching attribute of a settlement instruction, which becomes a mandatory matching criterion when either of the parties in its settlement instruction provides a value for the attribute.

The exhaustive list of additional matching fields can be found in the table below.

<b>DVP</b>	<b>FOP</b>
Opt-out ISO transaction condition indicator	Opt-out ISO transaction condition indicator
Ex/cum ISO transaction condition indicator	Ex/cum ISO transaction condition indicator
Common trade reference	Common trade reference

The possible scenarios for the opt-out ISO transaction condition indicator are as follows:

<b>Deliverer's instruction</b>	<b>Receiver's instruction</b>	<b>T2S platform action</b>
Blank	Blank	matching
Opt-out	Blank	No matching
Blank	Opt-out	No matching
Opt-out	Opt-out	matching

The possible scenarios for the ex/cum ISO transaction condition indicator are as follows:

<b>Deliverer's instruction</b>	<b>Receiver's instruction</b>	<b>T2S platform action</b>
blank	blank	Matching
ex	ex	Matching
ex	blank	No matching
blank	ex	No matching
cum	ex	No matching
ex	cum	No matching
cum	cum	Matching
cum	blank	No matching
blank	cum	No matching

The possible scenarios for the Common Trade Reference are as follows:

<u>Deliverer's instruction</u>	<u>Receiver's instruction</u>	<u>T2S platform action</u>
<u>blank</u>	<u>blank</u>	<u>Matching</u>
<u>123</u>	<u>Blank</u>	<u>No Matching</u>
<u>123</u>	<u>123</u>	<u>Matching</u>
<u>123</u>	<u>456</u>	<u>No matching</u>
<u>Blank</u>	<u>123</u>	<u>No matching</u>

2. An “optional matching field” is a non-mandatory matching attribute of a settlement instruction, which becomes a mandatory matching criterion when both parties provide a value for the attribute in their settlement instructions. The exhaustive list of optional matching fields can be found in the table below.

<b>DVP</b>	<b>FOP</b>
Common trade reference	Common trade reference
Client of delivering CSD participant <sup>1</sup> (the data type of the field shall be in line with the ISO 20022 standard definition)	Client of delivering CSD participant (the data type of the field shall be in line with the ISO 20022 standard definition)
Client of receiving CSD participant (the data type of the field shall be in line with the ISO 20022 standard definition).	Client of receiving CSD participant (the data type of the field shall be in line with the ISO 20022 standard definition).
T2S securities account number of the delivering party	T2S securities account number of the delivering party
T2S securities account number of the receiving party	T2S securities account number of the receiving party

**Proposed wording for the SYS Change request (Provided by Clearstream):**

In the UDFS, the sections on matching have to be updated to describe the “common trade reference” as an additional match field instead of an optional one.

**UDFS section <1.6.1.2.3 Matching process>**

Table 98 must be updated to include the common trade reference:

<b>DVP/DWP</b>	<b>FOP</b>
<u>Common Trade Reference</u>	
Opt-out ISO transaction condition indicator	
CUM/EX Indicator *	

Table 99 must be updated to exclude the common trade reference

<b>DVP/DWP</b>	<b>FOP</b>
<del>Common Trade Reference</del>	
Client of delivering CSD participant	
Client of receiving CSD participant	

The corresponding pictures for table 98 and table 99 must be updated as well, to shift the example for the common trade reference from the picture relating to table 99 into the picture relating to table 98.

<sup>1</sup> ???The ESF/ECSDA standards say “second layer market participant (sub-account/customer of counterparty)”.

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**High level description of Impact:**

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**Outcome/Decisions:**

CRG meeting of 1-2 October 2012: The Change Request is discarded.