



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: Clearstream	Institute: CSD	Date raised: 22/11/2019
Request title: No redundant status update on instructions pending due to counterparty hold		Request No.: T2S 0726 SYS
Request type: Common	Classification: Scope Enhancement	Urgency: Normal
1. Legal/business importance parameter: Medium 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 Release 3.2, partial release logic was introduced in T2S. Within this logic, there are various scenarios when a partially released instruction is automatically put on party hold by T2S. This happens, e.g., in the following scenarios:

- After full settlement of the partially released quantity, or
- When the partial release is cancelled at the applicable cut-off, or
- When the partial release is cancelled because the conditions for partial release do no longer apply, e.g. because a new hold applies on the underlying or counterpart instruction, or because the partial settlement indicator was changed to NPAR.

In all those cases, T2S puts the affected instruction on party hold, and reports this change,

- On the underlying leg via a sese.024 “pending/failing” PREA with the corresponding business rule, e.g. with *SPSA003 “Settlement Instruction is on hold due to the settlement of a partially released instruction”*, or with *SPSA005 “Settlement instruction is on hold because the relevant cut-off has been reached”*;
- On the counterparty leg with a sese.024 “pending/failing” PRCY with the corresponding business rule, e.g. with *SPSA004 “Counterparty Settlement Instruction is on hold due to the settlement of a partially released quantity”*, or with *SPSA006 “Counterparty Settlement instruction is on hold because the relevant cut-off has been reached.”*

Subsequently, T2S applies an eligibility check and reports the result of this eligibility check to the counterparty via an additional sese.024 “pending/failing” PRCY with business rule *SPST002 “Settlement Instruction is unsettled because its counterpart settlement instruction is ‘On Hold’.*” (This was clarified in CRG-PBR-017.)

The second sese.024 PRCY has limited business value:

- The information that the counterparty leg is on hold was already provided with the first sese.024 PRCY.
- The information reported via the new business rule SPST002, i.e. that the instruction cannot settle due to a hold on the counterparty leg, was already implicitly reported with the first sese.024 PRCY, as this applies to any instruction with reason code PRCY.

To avoid sending redundant information, and to limit the number of messages sent out by T2S, the second sese.024 “pending/failing” PRCY should therefore be dropped by T2S.

¹ Legal/business importance: *Medium* – by avoiding redundant messages, the CR would contribute to reduce the volume of messages sent by T2S

² Market implementation efforts: *Low* – no adaptation is needed on T2S actors side

³ Operation/technical risk: *Low* – the scope of the change requested is very narrow, and the messages identified as redundant were anyway not sent prior to the deployment of CR-653 (Partial release functionality)

⁴ Low-Medium < 200 kEUR

Description of requested change:

T2S logic for messaging should be adjusted to implement the following rule:

IF T2S intends to report a sese.024 "pending/failing" with PRCY and business rule SPST002,
AND the latest status that was reported on the same leg via a sese.024 "pending/failing" was also PRCY,
without business rule or with any applicable business rule,
THEN T2S shall not send the sese.024 "pending/failing" with PRCY and business rule SPST002.

Submitted annexes / related documents:

Outcome/Decisions:

- * CRG on 27 November 2019: The CRG agreed to launch the preliminary assessment of CR-726.
- * CRG on 30 March 2020: The CRG agreed to recommend CR-726 for authorisation by the Steering Level and to collect its business values.
- * AMI-SeCo on 8 April 2020: The AMI-SeCo has agreed to the recommendation of the CRG to authorise this Change Request.
- * CSG on 21 and 22 April 2020: The CSG authorised CR-726 for allocation to a T2S release.
- * NECSG on 24 August 2020: The NECSG authorised CR-726 for allocation to a T2S release.
- * MIB on 25 May 2020: The MIB authorised CR-726 for allocation to a T2S release.
- * PMG on 19 November 2020: the PMG proposed to allocate CR-726 to R6.0, and launched its detailed assessment.
- * CRG on 24 February 2021: the CRG recommended to the PMG the implementation of CR-726 in R6.0
- * PMG on 26 February 2021: the PMG recommended the inclusion of CR-726 in STP for R6.0 for approval by the Steering Level.
- * OMG on 3 March 2021: the OMG identified no operational impact to the inclusion of CR-726 in R6.0.
- * CSG on 12 March 2021: the CSG approved the inclusion of CR-726 in the scope of R6.0.
- * NECSG on 12 March 2021: the NECSG approved the inclusion of CR-726 in the scope of R6.0.
- * MIB on 15 March 2021: the MIB approved the inclusion of CR-726 in the scope of R6.0.

Preliminary assessment:

Impact: low-medium

Impacted modules: LCMM, SETT

Findings:

- The logic of the Status Update functionality has to be modified in order to be able to avoid sending a status advice with reason code PRCY when the last status reported to the user was also a PRCY ISO 20022 Reason Code.
- Our assumption is that this new logic will apply only A2A. For U2A, the behaviour does not change. This means that as it works today, the Settlement Instruction Details Screen will show the last reason and business rule stored in the status history of the settlement instruction without taking into account if this information was sent or not in the last status update sent to the user. Hence, the information reported via A2A can be different than the one stated via U2A.
- During the preliminary assessment no impact of this CR could be identified on TIPS, CSLD and ECMS.

Open issues/ questions to be clarified by the originator:

none

Detailed assessment:

Proposed wording for the Change request:**UDFS v.5.2:**

1.6.4.1.3 Status management process

A new foot note has to be included to describe the exception in the behaviour of the Communication of Statuses and Reason Codes to T2S Actors process:

1.6.4.1.3 Status management process

Communication of Statuses and Reason Codes to T2S Actors

T2S informs the T2S Actor through the sending of status advice messages if:

I There is change in a status value of an instruction in T2S;

I There is no change in a status value of an instruction in T2S but there is a change in the reason code or in the business rule associated to the status value^X.

X: Whenever the ISO Code to be reported is a PRCY, if there is no change in the reason code but there is a change in the business rule (compared with the previous communication sent to the relevant T2S Actor), T2S won't send the corresponding Status Advice (i.e. if the previous reason code reported to the user was a PRCY, T2S won't send the Status Advice no matter if the business rule applicable is the same or not).

EUROSYSTEM ANALYSIS – GENERAL INFORMATION			
T2S Specific Components		Common Components	
LCMM			
	Instructions validation		
X	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		
	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	1.6.4.1.3 Status management process	A new foot note has to be included to describe the exception in the behaviour of the Communication of Statuses and Reason Codes to T2S Actors process	
Additional deliveries for Message Specification (UDFS, MyStandards, MOP contingency templates)			
UHB			
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 Status Management module has to be modified to add an exception to the general rule of the Communication of Statuses and Reason Codes to T2S Actors process.</p> <p>Currently T2S informs the T2S Actor through the sending of status advice messages if:</p> <ul style="list-style-type: none"> There is change in a status value of an instruction in T2S; There is no change in a status value of an instruction in T2S but there is a change in the reason code associated to the status value or in the business rule applicable to this reason code. <p>For the specific case of sending a status advice message reporting the "PRCY" ISO reason code, T2S has to avoid sending a sese.024 reporting a "PRCY" if the previous sese.024 sent to the user was to communicate the same settlement status value (USET pending or USET failing) and the ISO code reported was also "PRCY", no matter whether the applicable business rule is the same or not.</p> <p>This change implies that the "PRCY" and the business rule not reported in a status advice will be neither informed in the GUI nor in A2A reports or queries because they only inform reason codes and business rules communicated to the users via status advice messages.</p> <p>Main Cost Driver:</p> <ul style="list-style-type: none"> • Status Management module needs to be enhanced to be able to discard a sese.024 reporting a "PRCY" if the previous sese.024 communicated the same settlement status value (USET pending or USET failing) and the ISO code reported was also "PRCY". 			
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 adverse effect has been identified during the security assessment.			



12 February 2021

Cost assessment on Change Requests

T2S-726-SYS – No redundant status update on instructions pending due to counterparty hold			
One-off	Assessment costs*		
	- Preliminary	2,000.00	Euro
	- Detailed	10,000.00	Euro
One-off	Development costs	202,290.66	Euro
Annual	Operational costs		
	- Maintenance costs	16,594.54	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).