1. General Information

CR Raised by: ECB T2S Project Team   **Institute:** ECB   **Date Raised:** 28/10/08

Change Request Title: Securities Positions Forecast Query   **CR Ref.:** T2S URD 114

Change Request Classification: Substance

(Typo, Consistency, Clarification, Substance)

Status: Rejected by the AG

Change Type: New Requirement   **Requestor Category:** ECB T2S Project Team

(New Requirement/Modification/Deletion)   *(User, 4CB, ECB T2S Project Team)*

Chapter Number/Annex Number: Chapter 14   **Req No:** T2S.14.255

Priority (S,H,M,L): M   **Proposed Implementation Date/Release:** Version 4.2

Description of Requested Change:

T2S should provide a securities positions forecast query to CSDs, directly connected T2S Parties and T2S Parties connecting through their CSDs. The query should provide on the level of securities account the expected end-of-day position in a security under the assumption that all matched and unmatched pending settlement instructions settle. The query should support a query processing parameters to allow the query initiator to output forecasted short positions only.

Reason for Change / Expected Benefits / Business Case:

CSDs currently offer queries for securities positions forecasts to allow its Parties to manage possible fails as a result of expected short positions. Similarly, T2S should provide a securities forecast query for T2S parties to plan and manage its holdings

Submitted Annexes / Related Documents:

Proposed wording for the Change Request:

A new requirement T2S.14.255 is to be added to chapter 14.

T2S.14.255 – Securities position forecast query

The securities positions forecast query shall allow a T2S Actor to receive the expected securities positions for the end of a settlement day for a combination of

- securities account and intended settlement date (or)
- for a combination of T2S Party and intended settlement date

as the query input parameters

The calculated securities positions shall not reflect any position changes as a result of pending corporate actions as these are not known to T2S.

The query shall allow a T2S Actor within its legal entity, should they have the necessary access rights, to specify whether T2S shall respond for all securities accounts of a party (or) a specific securities account only. T2S shall generate the securities positions forecast for all securities accounts of a party when the query input parameter contains the unique T2S party identifier. T2S shall respond with the securities positions forecast for a securities account only when the query input parameter contains the unique T2S securities account identifier.

The settlement date parameter for the query must always be the current settlement date or current settlement date plus one business day. An additional query parameter will allow the CSD or T2S Party to specify whether the query shall contain expected short positions only.

The query calculation algorithm for the securities positions forecast assumes that all the pending matched and unmatched settlement instructions with an intended settlement date less than or equal to the intended settlement date specified as query input parameter, will settle. T2S shall use the available (deliverable) position, i.e. the current position minus all blocked and reserved positions, as the basis for the calculation.

The query shall support the following parameters:

- Attribute whether the query pertains to a T2S Party or securities account

- T2S Party or securities account (Mandatory) depending on whether the query pertains to a T2S Party or securities account

- ISIN (Must be valid ISIN in T2S, if entered)

- Intended settlement date (must be current settlement date or current settlement date plus 1 business day)

- Short positions only (Boolean value - Yes/No)

The query shall return the following information for the combination of securities account, ISIN and intended settlement date:

- CSD party identifier and mnemonic

- T2S party identifier and mnemonic

- Securities account identifier

- Intended settlement date

- Every ISINs (or a specific ISIN, if provided in the query input), where the position is not equal to zero or a pending instruction exists

When a T2S Actor (query initiator) has specified the query input parameters on party level, then the query provides the forecast on all securities accounts, linked with that party. In a securities positions forecast query on T2S Party level, T2S will group by ISIN and within ISIN by securities account so that the query provides totals on ISIN level.

The query shall be available throughout the daytime settlement window and shall not be available during the maintenance window.

Outcome of meetings:

* SG Meeting on 12 Jan 2009

Outcome: Agreed that proposed scope in T2S should cover:

• The security forecast should be only request driven (query)

• Securities forecast should be per ISIN or range of ISIN, possible for a specific T2S party account of a CSD

• The possibility to make the Securities forecast available for a specific category of assets (e.g. fixed income) should be investigated

The scope of the securities forecast is valuable, but limited from the original proposed scope because of potential performance impact. It must be noted that securities movements from corporate actions cannot be included in the T2S query.

Recommendation to the AG: Approval (subject to wording agreement in Sub-Group meeting in March)

* SG Meeting on 12 Jan 2009

Outcome: New wording to be prepared for the next SG meeting by the Project Team. Agreed that proposed scope in T2S should cover:

• The security forecast should be only request driven (query)

• Securities forecast should be per ISIN or range of ISIN, possible for a specific T2S party account of a CSD

• The possibility to make the Securities forecast available for a specific category of assets (e.g. fixed income) should be investigated

The scope of the securities forecast is valuable, but limited from the original proposed scope because of potential performance impact. It must be noted that securities movements from corporate actions cannot be included in the T2S query.

Recommendation to the AG: Approval (subject to wording agreement in Sub-Group meeting in March)

* AG Meeting on 20 Jan 2009

AG required SG further evaluation

*SG Meeting of 5/6 March 2009:

Postponed to the next URD sub-group meeting due to the lack of time"

* SG Meeting of 28 May 2009:

Recommendation to the AG: Rejection

The recommendation of the URM sub-group was to reject this change request, because:

- A securities forecast provided by T2S cannot contain accurate information because the changes in securities positions as a result of corporate actions will be excluded; thereby the value of such a query in T2S is questionable

- The information (regarding securities settlement) needed to forecast securities positions is available in T2S and may be used by CSDs who would prefer to (continue to) provide this value added service to their clients

- Due to the high volume changing of securities positions in real time, this function would be more useful as on demand query (i.e. pull mode). There could be significant performance/cost impact on core functions of T2S due to forecasting queries with complex calculations in real time

* AG meeting on 15 June 2009

Approval of SG recommendation