1. General Information		

CR Raised by: ECB T2S Project Team	**Institute:** ECB	**Date Raised:** 01/07/10
Change Request Title: Earmarking on cash is not required		**CR Ref.:** T2S URD 271

Change Request Classification: Consistency	**Status:** Approved by the AG
Change Type: Deletion	**Requestor Category:** ECB T2S Project Team
Chapter Number/Annex Number: Chapter 11	**Req No:** T2S.11.651, T2S.11.662
Priority (S,H,M,L): M	**Proposed Implementation Date/Release:** Version 5.01

Description of Requested Change:

The earmarking on cash is not required.

Reason for Change / Expected Benefits / Business Case:

The amendment aligns the User Requirements to GFS 4.0. GFS 4.0 translates the user requirements documented in URD 5.0 into a high level functional design for T2S. In specific cases where the user requirements of URD 5.0 refers to functionality not needed in terms of design, these requirements have been removed.

The requirement/functionality for earmarking on cash does not exist in the URD and in the GFS. This consistency CR is for the deletion of potentially misleading wording in the chapter on configurations requirements..

Submitted Annexes / Related Documents:

Proposed wording for the Change Request:

Modification of the requirements T2S.11.662 (Restriction processing types) and T2S.11.651 (Restriction Type Entity) as follows to remove the reference to the cash balance type:

Restriction processing types

Reference ID	T2S.11.662

"T2S shall support a *Restriction Processing Type* to enable the configuration of restrictions.

- Rejection:

    Reject a settlement instruction validation (see T2S.05.128);

- CSD Validation Hold:

    Set the CSD validation status automatically to "hold" when accepting a settlement instruction (see T2S.05.127);

- Reservation:

    Create a reservation of a cash balance or securities position for a specific purpose;

- Blocking:

    Block of a party, securities account, security or T2S dedicated cash account from settlement (see T2S.05.129);

- ~~Balance Type~~ Position Type/ Earmarking:

    Define and manage position types for securities positions ~~and balance types for cash balances~~."

Restriction Type Entity

Reference ID	T2S.11.651

T2S shall support a rules-based, date-dependent data model for the configuration of restriction types. The following table defines the attribute requirements for specifying the characteristics of a restriction. T2S shall store the definition of the restriction type and rule sets for each restriction type. T2S shall differentiate rule sets within a system entity by a valid-from date. Each rule within a rule set shall have a sequence, which defines the order in which T2S shall process a rule. The conceptual entity *Restriction Type* will link the rules, defined in T2S for the restriction configuration to one related set of rules.

Table 11-16 – List of Attributes for the Entity Restriction Type

Attribute	Description
System Entity Identifier	This attribute shall specify the CSD or the NCB for which the restriction type is valid.
(…)	(…)
Restriction Processing Type	This attribute specifies how T2S shall apply the restriction in processing. • Rejection: Rejection in settlement instruction validation (see T2S.05.128) • CSD Validation Hold: Setting the CSD validation status automatically to "hold" when accepting a settlement instruction (see T2S.05.127) • Reservation: Creating a reservation of a cash balance or securities position for a specific purpose • Blocking: Blocking of a party, securities account, security, T2S dedicated cash account, securities position or cash balance (see T2S.05.129) • ~~Balance Type~~ Position Type / Earmarking: Define and manage position types for securities positions ~~and balance types for cash balances~~. Please refer to the glossary for the definition of the terms "Blocking" and "Reservation".
(…)	(…)

Outcome of meetings:

*SG Meeting on 8 Oct 2010

Recommendation to the AG: Approval

* AG Meeting on 6-7 Dec 2010

Approval of SG recommendation