General Information (Origin of Request)		
☐ User Requirements (URD)		
☒ Other User Functional or Technical Documentation (SYS)		
Request raised by: 4CB	**Institute:** 4CB	**Date raised:** 15/12/2014
Request title: Billing of T2S-generated intra-position movements stemming from auto-collateralisation		**Request ref. no:** T2S 0483 SYS
Request type: Common	**Urgency:** Normal	
1. Legal/business importance parameter: Low	**2. Market implementation efforts parameter:** Low	
3. Operational/Technical risk parameter: Low	**4. Financial impact parameter:** No cost impact	
Requestor Category: 4CB	**Status:** Authorised at Steering Level	

Reason for change / expected benefits / business case:

T2S currently counts for Billing, following the requirement of the Service Items in UDFS to charge each and every Intra Position movement during the billing period with no exceptions; all Intra-Position movements including the T2S generated ones related to auto-collateralisation.

Further clarification has highlighted that T2S-generated Intra-Position movements related to auto-collateralisation, relevant for the Pledge-sub scenario, should bear a zero price while Intra-Position movements sent by T2S Actors and the T2S-generated ones not depending from auto-collateralisation should be counted for billing.

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Description of Request:

A clarification of the description of Service Items related to auto-collateralisation shall be performed in order to describe the expected behaviour.

In details, Intra-Position movements' description shall be amended in order to highlight that the items stemming from auto-collateralisation process must not be counted.

For the sake of completeness, the description of the DVP, DWP, FOP, PFOD and Account Allocations Service Items should be improved highlighting that all the Settlement Instructions stemming from auto-collateralisation process are not charged.

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Proposed wording for the SYS Change request:

UDFS section < 1.6.5.7.6 Billing data collection process > Table 162 [Items charged to CSDs (Settlement Services Category)], pages 688; 670-687

This section includes an extract of the Service Item list. The needed clarification should be added to the column 'Counted Events'.

Service Item	Charged to		Counted Events	Further Information
	Credited Securities Account	**Debited Securities Account**		
Intra-Position movements	X		Each successfully executed intra-position movement (i.e. blocking, unblocking, reservation, unreservation, earmarking, unearmarking) during the billing period.	As the movement occurs within the same securities account (it is debit and credit account at the same time), this account is only charged once. All Intra-Position

			movements stemming from auto-collateralisation do not attract a charge.

The description of the DVP, DWP, FOP, PFOD and Account Allocations Service Items must be improved highlighting that all the Settlement Instructions stemming from auto-collateralisation process are not charged.

Service Item	Charged to		Counted Events	Further Information
	Credited Securities Account	**Debited Securities Account**		
Delivery versus Payment full[1]	x	x	Each settled DVP/DWP settled during the billing period.	Both accounts are charged. Realignment instructions resulting from a DVP are not charged. DWPs are charged in the same way like DVPs. All items stemming from auto-collateralisation do not attract a charge.
Delivery versus Payment full (top/high priority)[2]	x	–	Each settled DVP/DWP: • flagged with top- or high priority • settled outside the night-time cycle • settled during the billing period	Only the instruction flagged with top- or high priority is charged, i.e. only one account is charged. If both instructions are flagged, both are charged. The charge applied is a surcharge. DWPs are charged in the same way like DVPs. Realignment Instructions are not charged. All items stemming from auto-collateralisation do not attract a charge.
	–	x		
Delivery versus Payment full (daytime)	x	x	Each settled DVP/DWP: • settled during the daytime cycle • settled during the billing period	Both accounts are charged. The charge applied is a surcharge. DWPs are charged in the same way like DVPs. Realignment Instructions are not charged. All items stemming from auto-collateralisation do not attract a charge.

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[1] (204) This is if a DVP/DWP is settled with no former partial settlement(s).

[2] (205) In case an instruction with normal priority settles with high/ top priority (because of the counterparties'' instruction having a high/ top priority), the priority surcharge is not applicable to the instruction with normal priority.

Delivery versus Payment full (daytime – congestion period)	x	x	Each settled DVP/DWP: • settled during the congestion period of the daytime cycle • settled during the billing period	Both accounts are charged. The charge applied is an additional surcharge to the daytime surcharge. DWPs are charged in the same way like DVPs. Realignment Instructions are not charged. All items stemming from auto-collateralisation do not attract a charge.
Free of Payment full[3]	x	x	Each settled FOP settled during the billing period.	Both accounts are charged. Realignment instructions resulting from a FOP are not charged. All items stemming from auto-collateralisation do not attract a charge.
Free of Payment full (top/high priority)	x	-	Each settled FOP: • flagged with top- or high priority • settled outside the night-time cycle • settled during the billing period	Only the instruction flagged with top- or high priority is charged, i.e. only one account is charged. If both instructions are flagged, both are charged. The charge applied is a surcharge. Realignment Instructions are not charged. All items stemming from auto-collateralisation do not attract a charge.
	-	x		
Free of Payment full (daytime)	x	x	Each settled FOP: • settled during the daytime cycle • settled during the billing period	Both accounts are charged. The charge applied is a surcharge. Realignment Instructions are not charged. All items stemming from auto-collateralisation do not attract a charge.
Free of Payment full (daytime – congestion period)	x	x	Each settled FOP: • settled during the congestion period of the daytime cycle • settled during the billing period	Both accounts are charged. The charge applied is an additional surcharge to the daytime surcharge. Realignment Instructions are not charged. All items stemming from auto-collateralisation do not attract a charge.
Payment free of delivery	x	x	Each settled PFOD settled during the billing period.	Both accounts are charged. Realignment Instructions are not charged. All items stemming from auto-collateralisation do

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[3] (208) This is if a FOP is settled with no former partial settlement(s).

				not attract a charge.
Payment free of delivery (top/high priority)	x	–	Each settled PFOD: • flagged with top- or high priority • settled outside the night-time cycle • settled during the billing period	Only the instruction flagged with top- or high priority is charged, i.e. only one account is charged. If both instructions are flagged, both are charged. The charge applied is a surcharge. Realignment Instructions are not charged. <u>All items stemming from auto-collateralisation do not attract a charge.</u>
	–	x		
Payment free of delivery (daytime)	x	x	Each settled PFOD: • settled during the daytime cycle • settled during the billing period	Both accounts are charged. The charge applied is a surcharge. Realignment Instructions are not charged. <u>All items stemming from auto-collateralisation do not attract a charge.</u>
Payment free of delivery (daytime – congestion period)	x	x	Each settled PFOD: • settled during the congestion period of the daytime cycle • settled during the billing period	Both accounts are charged. The charge applied is an additional surcharge to the daytime surcharge. Realignment Instructions are not charged. <u>All items stemming from auto-collateralisation do not attract a charge.</u>
Account Allocation (DVP/FOP account allocations flag) full[4]	x	x	Each settled Account Allocation: • booked on at least one account with a "DVP/FOP account allocations" flag • settled during the billing period	Both accounts are charged. Even if only one account is marked with a "DVP/FOP account allocations" flag, the price for Account Allocations applies for both parts of the transaction. DWPs are charged in the same way like DVPs. Realignment Instructions are not charged<u>.</u> <u>All items stemming from auto-collateralisation do not attract a charge.</u>
Account Allocation (DVP/FOP account allocations flag) full (top/high priority)	x	–	Each settled Account Allocation: • flagged with top- or high priority • settled outside the night-time cycle • booked on at least one account with	Only the instruction flagged with top- or high priority is charged, i.e. only one account is charged. If both instructions are

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[4] (213) This is if an Account Allocation is settled with no former partial settlement(s).

	-	x	- a "DVP/FOP account allocations" flag - settled during the billing period	flagged, both are charged. The charge applied is a surcharge. As regards the DVP/FOP account allocation flag, even if only one account is marked with a "DVP/FOP account allocations" flag, the instruction is treated as an Account Allocations for both parts of the transaction. DWPs are charged in the same way like DVPs. Realignment Instructions are not charged. <u>All items stemming from auto-collateralisation do not attract a charge.</u>
Account Allocation (DVP/FOP account allocations flag) full (daytime)	x	x	Each settled Account Allocation: - settled during the daytime cycle - booked on at least one account with a "DVP/FOP account allocations" flag - settled during the billing period	Both accounts are charged. Even if only one account is marked with a "DVP/FOP account allocations" flag, the price for Account Allocations applies for both parts of the transaction. The charge applied is a surcharge. DWPs are charged in the same way like DVPs. Realignment Instructions are not charged. <u>All items stemming from auto-collateralisation do not attract a charge.</u>
Account Allocation (DVP/FOP account allocations flag) full (daytime – congestion period)	x	x	Each settled Account Allocation: - settled during the congestion period of the daytime cycle - booked on at least one account with a "DVP/FOP account allocations" flag - settled during the billing period	Both accounts are charged. Even if only one account is marked with a "DVP/FOP account allocations" flag, the price for Account Allocations applies for both parts of the transaction. The charge applied is an additional surcharge to the daytime surcharge. DWPs are charged in the same way like DVPs. Realignment Instructions are not charged. <u>All items stemming from auto-collateralisation do not attract a charge.</u>

Account Allocation (DVP/FOP-or FOP account allocations flag) full[5]	x	x	Each settled Account Allocation: • booked on at least one account with either a "DVP /FOP account allocations" or "FOP account allocations" flag • settled during the billing period	Both accounts are charged. Even if only one account is marked with a "DVP/FOP account allocations" or "FOP account allocations" flag, the price for Account Allocations applies for both parts of the transaction. DWPs are charged in the same way like DVPs. Realignment Instructions are not charged. <u>All items stemming from auto-collateralisation do not attract a charge.</u>
Account Allocation (DVP/FOP-or FOP account allocations flag) full (top/high priority)	x	-	Each settled Account Allocation: • flagged with top- or high priority • settled outside the night-time cycle • booked on at least one account with either a "DVP /FOP account allocations" or "FOP account allocations" flag • settled during the billing period	Only the instruction flagged with top- or high priority is charged, i.e. only one account is charged. If both instructions are flagged, both are charged. Both accounts are charged. The charge applied is a surcharge. As regards the DVP/FOP or FOP account allocation flag, even if only one account is marked with a DVP/FOP account allocations" or „FOP account allocations" flag, the instruction is treated as an Account Allocations for both parts of the transaction. DWPs are charged in the same way like DVPs. Realignment Instructions are not charged. <u>All items stemming from auto-collateralisation do not attract a charge.</u>
	-	x		
Account Allocation (DVP/FOP-or FOP account allocations flag) full (daytime)	x	x	Each settled Account Allocation: • settled during the daytime cycle • booked on at least one account with either a "DVP/ FOP account allocations" or "FOP account allocations" flag • settled during the billing period	Both accounts are charged. Even if only one account is marked with a "DVP/FOP account allocations" or "FOP account allocations" flag, the price for Account Allocations applies for both parts of the transaction. The charge applied is a surcharge. DWPs are charged in the same way like DVPs. Realignment Instructions are not charged. <u>All items stemming from auto-collateralisation do not attract a charge.</u>

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[5] (218) This is if an Account Allocation is settled with no former partial settlement(s).

Account Allocation (DVP/FOP-or FOP account allocations flag) full (daytime – congestion period)	x	x	Each settled Account Allocation: • settled during the congestion period of the daytime cycle • booked on at least one account with either a "DVP /FOP account allocations" or "FOP account allocations" flag • settled during the billing period	Both accounts are charged. Even if only one account is marked with a "DVP/FOP account allocations" or "FOP account allocations" flag, the price for Account Allocations applies for both parts of the transaction. The charge applied is an additional surcharge to the daytime surcharge. DWPs are charged in the same way like DVPs. Realignment Instructions are not charged. All items stemming from auto-collateralisation do not attract a charge.

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High level description of Impact:

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Outcome/Decisions:

 * CRG meeting of 15 December 2014: The CRG decided to put the Change Request on hold.

 * CRG meeting of 6 February 2015: The CRG recommended the approval of the Change Request.

 * OMG on 20 February 2015: During a written procedure from 13 to 20 February 2015, the Operations Managers Group did not identify any operational impact of the Change Request.

 * Advisory Group's advice on 26 February 2015: Following a written procedure, the AG was in favour of the Change Request.

 * CSG meeting on 26-27 February 2015: The CSG adopted the resolution to approve the Change Request.