

T2S PROGRAMME OFFICE

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v1.1

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## Summary

### Meeting of the Change Review Group (CRG)

12 December 2016, from 12:00 to 17:00

*held at the Deutsche Bundesbank, Frankfurt*

13 December 2016, from 09:30 to 17:30

*held at European Central Bank*

#### 1. Introductory session

The Chairperson, Karen Birkel, welcomed the participants.

The Chairperson informed that the aim of the CRG meeting was to discuss

- the detailed assessments on Change Requests T2S-0532-SYS, T2S-0635-SYS, T2S-0637-SYS
- the preliminary assessment on Change Requests from batch 3
- the 4CB proposal for cut-off handling and reporting in multi-currency situation
- the new Change Requests T2S-0638-SYS, T2S-0640-SYS, T2S-0641-SYS, T2S-0642-SYS, T2S-0643-SYS, T2S-0644-SYS, T2S-0645-SYS, T2S-0647-SYS
- the 4CB proposal for use of intraday restriction in the context of T2S-0515-SYS, implementation solution for T2S-0544-URD
- prioritisation for next T2S Releases
- bundling of outbound messages during the real-time settlement period (RTS)
- SDD-PBR-0015 (Correction of conflicting business rules when creating overlapping restrictions for cash and securities accounts)
- approval of the updated Data Migration Tool (DMT) file format specifications

## 2. Feedback on action points from previous CRG meetings

The participants were informed that only the 'open' action points would be discussed during the meeting. The feedback of CRG members for action points which were 'pending closure' would be collected through the written procedure<sup>1</sup>.

**T2SACTION-2714:** Change Request T2S-0541-URD (Bulk-release functionality (U2A) for settlement instructions). The 4CB will check whether the Change Request still has a medium impact based on the clarifications provided by the CR initiator during the meeting.

Update: The 4CB informed that based on the clarifications provided by the CR initiator there was no change in the preliminary assessment impact indicator of the Change Request. The action point was closed.

**T2SACTION-2713:** Change Request T2S-0525-SYS (Provide Restriction Type name and description in reason code due to Market Specific Restriction Types). The 4CB will check whether the Change Request still has a high impact after the CR initiator provides the requested clarifications.

Update: The 4CB informed that based on the clarifications provided by the CR initiator there was no change in the preliminary assessment impact indicator of the Change Request. The action point was closed.

**T2SACTION-2710:** Change Request T2S-0515-SYS (Allow instructions from CSD participants for n days after maturity date of security). The 4CB will check whether the Change Request still has a high impact after the CR initiator provides the requested clarifications.

Update: The 4CB informed that they need to further investigate the proposed solution i.e. use of Case 2 restriction for the Change Request based on the feedback from the CRG. The action point was closed.

**T2SACTION-2680:** Change Request T2S-0590-URD (Include information from the underlying settlement instruction in the T2S 'Bank to customer statement (camt.053)' and in the T2S 'Bank to customer debit credit notification (camt.054) messages for Settlement, Custody/Asset servicing and Reconciliation). The CR initiator will update the Change Request to specify the correct field path for the Bank to customer debit credit notification (camt.054) i.e. the fields are part of the notification block and not part of the statement block (i.e. 'Stmt' to be replaced with 'Ntfcn').

Update: The CR initiator confirmed that the necessary updates were made to the Change Request. The action point was closed.

**T2SACTION-2636:** Change Request T2S-0595-SYS (Allow settlement restrictions and settlement instructions to impact positions other than the earmarked restriction type used at the securities account level). The 4CB will provide answers to the questions raised by Clearstream

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<sup>1</sup> During the written procedure from 13-20 December 2016, the CRG members did not raise any objection for the action points with the status 'pending closure'; hence the action points were considered closed.

- 1) if option 3 i.e. not to address the issue via a specific functionality in the T2S software is chosen, then would the settlement instruction remain pending, even after settlement of the settlement restriction and release of the CoSD hold by the administering party?
- 2) if option 3 i.e. not to address the issue via a specific functionality in the T2S software is chosen, could CSDs resolve the situation themselves, e.g. by sending another settlement instruction or settlement restriction to move the positions back to the AWAS position type (or any other position type as stated in the Balance From of the pending settlement instruction)? When and how would such an instruction have to be submitted? Prior/after settlement of the CoSD settlement restriction, prior/after release of the CoSD hold by the administering party, stating any restricting reference or not, etc?

Update: The 4CB provided the following clarifications i.e. 1) If situation occurs, the instruction would still be settled, however from a 'wrong' delivery position type (independent from availability of the position type in the account); 2) CSDs can cancel the settlement instruction under CoSD hold and then reinstruct the pending instruction.

The action point was closed.

**T2SACTION-2612:** Change Request T2S-0563-URD (Automatic Internal liquidity transfer between RTGS Transit Account and the T2S Dedicated Cash Account in case of RTGS rejection). The ECB will share the Change Request with the WGT2 to clarify if information about posting done in DCA due to RTGS rejection for an outbound liquidity transfer order needs to be included in the Cash Posting Notification (camt.054) message. The WGT2 will update the Change Request if required.

Update: The CR initiator informed about the decision to restrict the scope of the Change Request to send an alert to the T2S Operator in case there was no answer from real-time gross settlement systems (RTGS) for an outbound liquidity transfer order. The action point remains open.

**T2SACTION-2603:** Change Request T2S-0611-SYS (Cash Account Postings GUI Screen to include the T2S Actor References). The ECB will inform the SGMS and the CR initiator (WGT2) about the CRG discussions on the Change Request T2S-0611-SYS.

Update: The CRG was informed that the Change Request will be presented during the next Sub-group of Message Standardisation (SGMS) meeting. The action point remains open.

**T2SACTION-2432:** Change Request T2S-0503-SYS (T2S Actor Reference and T2S Reference of counterparty's settlement instruction should be included in T2S messages sese.024, sese.025 and sese.032 after matching). The CR initiator (SIX SIS) will await information from SWIFT and check internally with regards to the current solution and inform the CRG about the way forward.

Update: The action point remains open.

### **3. Approval of the summary of previous meetings**

The CRG was informed that the following summaries of the CRG meetings/telcos were updated following the comments from CRG members:

- Summary of the CRG meeting of 06 September 2016
- Summary of the CRG meeting of 26 October 2016
- Summary of the CRG teleconference of 16 November 2016

The CRG did not raise any objections to the final approval of the 3 summaries.

### **4. Analysis of the Change Requests**

#### **(A) Detailed assessment on Change Request for future T2S Releases**

##### **Change Request T2S-0532-SYS (Hold/release default at account level should not override the Hold/Release indicator defined at instruction level)**

The aim of the Change Request is to modify the T2S behaviour so that the “hold release default” parameter set at account level should not override any hold/release status informed in the settlement instruction.

The Change Request has a development cost of Euro 70,112.43 and operational cost of Euro 7,350.25.

A CRG member suggested few corrections to the examples specified in the Change Request to clarify that

- If the hold indicator in the sese.023 is ‘True’ and no hold type is specified then the PTYH (party hold) in the settlement instruction is considered as ‘True’ and CSDH (CSD hold) is considered as ‘False’. If the hold type is specified then the settlement instruction is considered as ‘True’ for the specified hold type and ‘False’ for the hold type that is not specified.
- If the hold indicator in the sese.023 is ‘False’ then the PTYH and CSDH in the settlement instruction is considered as ‘False’
- The ‘hold/release default flag’ set at the Securities Account level is checked only if the hold indicator in the settlement instruction is not specified at all.

The CRG agreed to update the Change Request to incorporate these changes.

The CRG recommended the approval of the Change Requests and its inclusion in the T2S Release 1.3 in principle subject to a final confirmation by the CRG members in a written procedure.

CRG decision: The CRG agreed to make some updates on the Change Request and recommended the approval of the Change Request and its inclusion in the T2S Release 1.3 in principle subject to a final confirmation by the CRG members in a written procedure by 16 December 2016.

Action point: The CRG will provide the feedback on the updated Change Request and its detailed assessment in a written procedure by 16 December 2016.

### **Change Request T2S-0635-SYS (Introduction of a new event at the end of cut-off of IDVP)**

The aim of the Change Request is to introduce a new event 'EDVP' (End of Intraday DVP cut-of) which will be triggered at the end of the IDVP (Intraday DVP) cut-off.

The Change Request has a development cost of Euro 65,079.66 and operational cost of Euro 5,924.47.

The CRG was informed about minor updates made to the Change Request to specify that the new event 'EDVP' needs to be added in the operational days defined for migration weekends. The 4CB confirmed that the camt.019 will continue to be sent as today i.e. when the cut-off event IDVP is triggered.

The CRG recommended the approval of the Change Request and its inclusion in the T2S Release 1.3 in principle subject to a final confirmation by the CRG members in a written procedure.

CRG decision: The CRG recommended the approval of the Change Request and its inclusion in the T2S Release 1.3 in principle subject to a final confirmation by the CRG members in a written procedure until 16 December 2016.

Action point: The CRG will provide the feedback on the detailed assessment in a written procedure until 16 December 2016.

### **Change Request T2S-0637-SYS (T2S enhanced bundling of messages during night-time settlement reporting)**

The aim of the Change Request is to reduce the night-time settlement period (NTS) reporting phase to deliver outbound files at a considerably earlier point of time.

The Change Request has a development cost of Euro 131,608.86 and operational cost of Euro 9,320.61.

The CRG was informed that due to the late extension of the Release 1.3 scope the XSD files for the Change Request will be available 5 weeks before the implementation of the Change Request in the UTEST environment in which users could test the Change Request for about 2.5 months. The CRG agreed to pass on this message to the Directly Connected Parties Group (DCPG).

The CRG recommended the approval of the Change Request and its inclusion in the T2S Release 1.3 in principle subject to a final confirmation by the CRG members in a written procedure.

CRG decision: The CRG recommended the approval of the Change Request and its inclusion in the T2S Release 1.3 in principle subject to a final confirmation by the CRG members in a written procedure until 16 December 2016.

Action points:

- The CRG will provide the feedback on the detailed assessment of the Change Request in a written procedure until 16 December 2016.

- The ECB will inform the DCPG that, exceptionally and due to the late scope change the XSD files for the Change Request will be provided 5 weeks before the implementation in the UTEST environment.

## **(B) Preliminary assessment on Change Requests from batch ‘1& 2’**

### **Change Request T2S-0355-URD (New securities account flag “negative position only”)**

The aim of the Change Request is to add a new option to the “negative position indicator” attribute of the securities account which indicates that only negative positions can be held in that account. Currently the options ‘only positive positions’ and ‘positive as well as negative positions’ are possible.

The CR initiator clarified that from the T2S perspective, inter-CSD accounts can be both positive and negative; however they would set up Inter-CSD accounts to have negative positions only. They would combine the usage of inter-CSD accounts with Conditional Securities Delivery (COSD) logic, where any booking in T2S is enabled only if the corresponding settlement has already been executed in the Out-CSD. The CR initiator added that other CSDs may not have similar approach and they could configure the flag as per their requirements. The CR initiator also confirmed that the provision check for ‘negative positions only’ is performed per position and not at the level of the securities account.

### **Change Request T2S-0446-SYS (Blocking of U2A interface for submitting new instructions to T2S during reconciliation process post RAD (Recovery After Disaster))**

The aim of the Change Request is to develop a functionality to allow the T2S Operator to prevent the submission and verification of new U2A instructions, restrictions and cancellations for cash and securities, in the T2S Graphical User Interface (GUI) during the reconciliation process post RAD. However, the T2S GUI should still be available, supporting the usage of the GUI for monitoring (displaying the status).

The CRG was informed that the scope of the Change Request was not finalised yet. The CRG agreed to inform the CR initiator to clarify which functionalities in the T2S GUI should be blocked during the reconciliation process post RAD and whether the Data Changes (4-Eyes Approval) screen should be accessible during reconciliation process post RAD.

Action point: The ECB will request the Operations Managers Group (OMG) to indicate which activities in the T2S GUI should be blocked during reconciliation process post Recovery after disaster (RAD) and whether the Data Changes (4-Eyes Approval) screen should be accessible during reconciliation process post RAD.

(See also agenda item 5 Scope of next T2S Releases)

### **Change Request T2S-0567-SYS (Functional measures to optimise the T2S Graphical User Interface performance)**

The aim of the Change Request is to modify the GUI screens to optimise the GUI performance.

The CR initiator as well as the representative of the T2S financial team confirmed that selection of the option 'No, adjust query' which is displayed when the search results on the GUI go beyond 1,000 business items should be billed like any executed query.

CRG decision: The CRG agreed that when the search results on T2S GUI are beyond 1000 business items, the user could select one of the two options: 'Yes, proceed', 'No, adjust query' and in case the user selects the option 'No, adjust query' it should be billed like any executed query.

### **Change Request T2S-0569-SYS (Introduce "Not equal" operator for defining rules in T2S rule based models)**

The aim of the Change Request is to enhance the T2S functionality for defining rule sets by enabling, in addition to the current "Equal" operator, also the use of a "Not Equal" operator for selected parameters to be used in rule based models.

The CR initiator confirmed that 'not equal' operator is required for the case 1 restrictions only. The CR initiator also clarified that by introducing the operator 'not equal' to the additional parameters i.e. Business Sending Party and Business Sending User unnecessary CSD Validation Hold (CVAL) could be avoided. The CR initiator agreed to update the Change Request to include the parameters Business Sending Party and Business Sending User in the scope of the Change Request which are requested to be introduced by the Change Request T2S 0571 SYS (Availability of Business Sending Party/User as additional parameters for the configuration of Case 1 Restriction Types).

A CRG member mentioned that it would be useful to have 'not equal' operator for message subscription as well and agreed to share the additional information/analysis on the requirement.

Action point: Euroclear will check if the current functionality for message subscription covers their requirement of having 'not equal' operator to the message subscription. If the current functionality does not cover their requirement then Euroclear will provide the scenarios/additional information/analysis where they see a need to extend the scope of the requirement of having a 'not equal' operator also to the message subscription

### **Change Request T2S-0614-SYS (Matching status should be included in sese.024 status messages for unmatched instructions when a pending reason is reported)**

The aim of the Change Request is that T2S shall inform the matching status 'unmatched' whenever a pending status is reported for an unmatched instruction.

The CRG was informed about the inconsistency in reporting of the reason code for unmatched instructions in status advice messages and in report and query responses. Currently the 'Reason' field

in the 'Unmatched' section is pruned in instruction related reports and queries. Accordingly, an unmatched instruction is reported by T2S with code 'NORE' (No Specific Reason) in the section No Specified Reason of reports (semt.018) and query responses (semt.027). The Change Request specifies that for unmatched instructions the reason code 'CMIS' (Matching instruction from your counterparty could not be found) should be reported in status advices (sese.024).

The CR initiator agreed to inform if they want to extend the scope of the Change Request to report 'CMIS' instead of 'NORE' in reports and if the change of reporting is required for query responses as well.

Action point: The CR initiator will indicate whether they want to extend the scope of the Change Request to report 'CMIS' instead of 'NORE' in reports. The CR initiator will also inform if the change of reporting is required for query responses as well.

#### **Change Request T2S-0621-SYS Multiple pending reason codes (combination of lack of securities and lack of cash)**

The aim of the Change Request is to reduce the number of sese.024 messages in case of lack of money and lack of securities occurring at the same time.

The CR initiator confirmed that in case a delivery instruction fails to settle because the securities have been pledged and there is not enough cash to reimburse and no other securities to substitute then T2S should report 'lack of securities' as the reason for failure. The reason 'lack of cash' should be used in case of failure of a buy instruction.

(See also agenda item 5 Scope of next T2S Releases)

#### **(C) Preliminary assessment on Change Requests from batch '3'**

##### **Change Request T2S-0503-SYS (T2S Actor Reference and T2S Reference of counterparty's settlement instruction should be included in T2S messages sese.024, sese.025 and sese.032 after matching)**

The aim of the Change Request is to provide counterparty's T2S Actor reference and counterparty's T2S reference (i.e. counterparty's Market Infrastructure Transaction Identification - MITI) in the receiving/delivering parties block or the message's supplementary data in the post-match status advice (sese.024), settlement confirmation (sese.025) and T2S generated realignment instruction (sese.032).

The CRG was informed that the Change Request would have an impact on Lifecycle Management and Matching (LCMM), A2A and Settlement (SETT) modules/functionalities in T2S and the impact of the Change Request was medium.

The CRG was informed that the Change Request should be updated to remove the two possible implementation options at message level as per discussion during the SGMS meeting and refer to the

need for an ISO CR to create new attributes. The CRG agreed to share the Change Request with the SGMS for advice on the messaging aspects of the Change Request.

CRG decision: The CRG took note of the T2S functionalities/modules impacted by the Change Request following the 4CB preliminary assessment.

Action points:

- The CR initiator will update the Change Request to remove the two possible implementation options at the message level as per the discussion during the SGMS and refer to the need for an ISO CR to create new attributes.
- The ECB will share the Change Request with the SGMS for advice on the messaging aspects of the Change Request.

**Change Request T2S-0540-URD (Alignment of U2A and A2A cash forecast information)**

The aim of the Change Request is to separately display the sum of pending cash movements that debit and credit a dedicated cash account (DCA) in A2A messages related to the cash forecast information.

The CRG was informed that the Change Request would have an impact on A2A and U2A modules/functionalities in T2S and the impact of the individual Change Request was not high (the impact of implementation of the Change Request along with other cash forecast related Change Requests i.e. CR-0556, CR-0629, CR-0630 was high).

The CRG was informed that the Change Request would not require a redesign of the cash forecast functionality. It was advisable to implement it along with the Change Request T2S-0556-SYS (Modification of cash forecast for the current and following business day after DVP cut-off), T2S-0629-SYS (Enhance Cash Forecast Query and Report to display CORP related cash movements separately) and T2S-0630-SYS (Enhance Cash Forecast Query and Report to display expected aggregated cash movements, with separate status Hold or Released) in order to avoid duplication of work. The impact of implementation of all the Change Requests together would be high.

CRG decision: The CRG took note of the T2S functionalities/modules impacted by the Change Request following the 4CB preliminary assessment. Furthermore, there are synergies with the Change Request T2S-0556-SYS (Modification of cash forecast for the current and following business day after DVP cut-off), T2S-0629-SYS (Enhance Cash Forecast Query and Report to display CORP related cash movements separately) and T2S-0630-SYS (Enhance Cash Forecast Query and Report to display expected aggregated cash movements, with separate status Hold or Released) therefore, a joint implementation would be favourable.

(See also agenda item 5 Scope of next T2S Releases)

**Change Request T2S-0556-SYS (Modification of cash forecast for the current and following business day after DVP cut-off)**

The aim of the Change Request is that the current settlement day cash information report and the cash forecast query, if initiated after the DVP cut-off, should only include instructions, which can be settled during the current business day. Similarly the following settlement day cash forecast report and the cash forecast query, if initiated after the DVP cut-off, should also include instructions pending from previous days which cannot settle during the current business day, and will only be re-attempted for settlement on the next business day.

The CRG was informed that the Change Request would have an impact on U2A, A2A, LCMM and SETT modules/functionalities in T2S and the impact of the Change Request was very high.

The CRG was informed that during the End of Day (EOD) phase there is a possibility of some instructions getting cancelled. Currently, the parameter for the automatic cancellation of matched unsettled transactions prevents such cancellations. However, if this parameter is changed in the future, such cancelled instructions would be excluded from the cash forecast report for the following business day only if the report is executed after the EOD process is over. The CRG confirmed that the bilaterally agreed treasury management (BATM) settlement instructions should be included in the cash forecast for the current business day as these instructions are eligible for settlement after the DvP cut-off of the current day. The 4CB indicated that inclusion of the BATM instructions in the cash forecast report for current business day could decrease the performance of queries and reports.

The CRG was informed that the Change Request would require a redesign of cash forecast functionality and therefore it was advisable to implement it along with the Change Request T2S-0540-URD (Alignment of U2A and A2A cash forecast information), T2S-0629-SYS (Enhance Cash Forecast Query and Report to display CORP related cash movements separately) and T2S-0630-SYS (Enhance Cash Forecast Query and Report to display expected aggregated cash movements, with separate status Hold or Released) in order to avoid duplication of work. The impact of implementation of all the Change Requests together would be high.

CRG decision: The CRG took note of the T2S functionalities/modules impacted by the Change Request following the 4CB preliminary assessment, however that a redesign of the cash forecast is necessary to implement this functionality. Furthermore, there are synergies with the Change Request T2S-0540-URD (Alignment of U2A and A2A cash forecast information), T2S-0629-SYS (Enhance Cash Forecast Query and Report to display CORP related cash movements separately) and T2S-0630-SYS (Enhance Cash Forecast Query and Report to display expected aggregated cash movements, with separate status Hold or Released) therefore, a joint implementation would be favourable.

**Change Request T2S-0590-SYS (Include ISIN and Message Identification in the T2S ‘Bank to customer statement (camt.053)’ message)**

The aim of the Change Request is to include the ISIN, the corporate action event type and the corporate action (CA) event identification, the Securities account and the settled quantity in the bank to customer statement (camt.053) message and bank to customer debit credit notification (camt.054).

The CRG was informed that the Change Request would have an impact on A2A and LCMM modules/functionalities in T2S and the impact of the Change Request was medium.

The CRG was informed that the settled quantity reported in the camt.053 and camt.054 would be the quantity which settled with the respective cash posting. Several partial settlements during NTS will be shown separately, even if only one sese.025 was sent.

CRG decision: The CRG took note of the T2S functionalities/modules impacted by the Change Request following the 4CB preliminary assessment.

#### **Change Request T2S-0611-SYS (Cash Account Postings GUI Screen to include the T2S Actor References)**

The aim of the Change Request is to include the T2S actor references on the Cash Account Postings screen, which would provide reconciliation references to the users. Currently the Cash Account Postings screen provides a T2S Internal Reference, however this reference cannot be reconciled with any previously known information.

The CRG was informed that the Change Request would have an impact on U2A, A2A, SETT and long-term statistical datastore (LTSI) modules/functionalities in T2S and the impact of the Change Request was medium.

The CRG was informed that the Change Request is likely to have negative performance impact; however it will be confirmed during the detailed assessment of the Change Request.

CRG decision: The CRG took note of the T2S functionalities/modules impacted by the Change Request following the 4CB preliminary assessment.

#### **Change Request T2S-0623-SYS (End of Day rebalancing of securities positions)**

The aim of the Change Request is to introduce A2A or U2A option for CSDs to allow them to generate 'standing', 'already matched FOP transfers' to move the whole position of one Securities Account (SAC) or earmarking position to another SAC or earmarking position.

The CRG was informed that the Change Request would have an impact on U2A, A2A, LCMM, SETT, LTSI and Static Data management (SDMG) modules/functionalities in T2S and the impact of the Change Request was very high.

The CR initiators agreed to provide the clarification to the open questions on the Change Request via mail. One of the CR initiator mentioned that they have internally built the functionality to take care of the requirements of their organisation; moreover they consider that the Change Request would have high impact on T2S and therefore they would like to step back as CR initiator. Thus, Euroclear and Iberclear remain as CR Initiators.

CRG decision: The CRG took note of the T2S functionalities/modules impacted by the Change Request following the 4CB preliminary assessment. The CRG also took note that VP Securities

decided to step back as CR initiator as they had already built the functionality and regarded it as very high impact to T2S.

Action points:

- The CR initiators will provide the clarification to the open questions shared by the 4CB by 29 December 2016.
- The ECB will update the Change Request to remove the name of VP Securities from the field 'Change Request raised by'.

**Change Request T2S-0628-SYS (Add Event Type Code “EDVP” to list of eligible “event trigger” for standing and predefined liquidity transfer orders)**

The aim of the Change Request is to allow addition of event type code “EDVP” to the list of eligible events for Standing/Pre-defined Liquidity Transfer Orders to transfer liquidity from T2S DCA to RTGS.

The CRG was informed that the Change Request would have an impact on U2A, Liquidity Management (LQMG), Static Data management (SDMG), LTSI modules/functionalities in T2S and the impact of the Change Request was medium.

CRG decision: The CRG took note of the T2S functionalities/modules impacted by the Change Request following the 4CB preliminary assessment.

**Change Request T2S-0629-SYS (Enhance Cash Forecast Query and Report to display CORP related cash movements separately)**

The aim of the Change Request is to differentiate the cash movements related to corporate action activities and other settlement activities in the cash forecast query and report.

The CRG was informed that the Change Request would have an impact on U2A, A2A and SETT modules/functionalities in T2S and the impact of the Change Request was very high.

The CRG was informed that the Change Request would require a redesign of cash forecast functionality and therefore it was advisable to implement it along with the Change Request T2S-0540-URD (Alignment of U2A and A2A cash forecast information), T2S-0556-SYS (Modification of cash forecast for the current and following business day after DVP cut-off) and T2S-0630-SYS (Enhance Cash Forecast Query and Report to display expected aggregated cash movements, with separate status Hold or Released) in order to avoid duplication of work. The impact of implementation of all the Change Requests together would be high.

CRG decision: The CRG took note of the T2S functionalities/modules impacted by the Change Request following the 4CB preliminary assessment, however that a redesign of the cash forecast is necessary to implement this functionality. Furthermore, there are synergies with the Change Request T2S-0540-URD (Alignment of U2A and A2A cash forecast information), T2S-0556-SYS

(Modification of cash forecast for the current and following business day after DVP cut-off) and T2S-0630-SYS (Enhance Cash Forecast Query and Report to display expected aggregated cash movements, with separate status Hold or Released) therefore, a joint implementation would be favourable.

#### **Change Request T2S-0630-SYS (Enhance Cash Forecast Query and Report to display expected)**

The aim of the Change Request is to differentiate the aggregated cash movements for settlement instructions with status 'Hold' and 'Released' in the cash forecast query and report.

The CRG was informed that the Change Request would have an impact on U2A, A2A and SETT modules/functionalities in T2S and the impact of the Change Request was very high.

The CRG was informed that the Change Request would require a redesign of cash forecast functionality and therefore it was advisable to implement it along with the Change Request T2S-0540-URD (Alignment of U2A and A2A cash forecast information), T2S-0556-SYS (Modification of cash forecast for the current and following business day after DVP cut-off) and T2S-0629-SYS (Enhance Cash Forecast Query and Report to display CORP related cash movements separately) in order to avoid duplication of work. The impact of implementation of all the Change Requests together would be high.

CRG decision: The CRG took note of the T2S functionalities/modules impacted by the Change Request following the 4CB preliminary assessment, however that a redesign of the cash forecast is necessary to implement this functionality. Furthermore, there are synergies with the Change Request T2S-0540-URD (Alignment of U2A and A2A cash forecast information), T2S-0556-SYS (Modification of cash forecast for the current and following business day after DVP cut-off) and T2S-0629-SYS (Enhance Cash Forecast Query and Report to display CORP related cash movements separately) therefore, a joint implementation would be favourable.

#### **(D) Other Change Requests from the market for future T2S Releases**

The CRG discussed the open points on the previously raised Change Requests and the new Change Requests. A CRG member questioned if it was necessary to recommend the new Change Requests for the preliminary assessment at this stage if they were not likely to be candidates for the next release. The Chairperson clarified that the preliminary assessment should be carried out as and when the Change Request is considered mature to ensure that no further backlog of Change Requests is built for preliminary assessment.

The CRG agreed to provide business value for the new Change Requests during a written procedure.

Action point: The CRG agreed to provide business value for the following new Change Requests during a written procedure from 16 December 2016 to 10 January 2017.

- Change Request T2S-0640-SYS (Bilaterally Agreed Treasury Management (BATM) operations to be applied on bilateral basis only)
- Change Request T2S-0641-URD (Introduction of a new partial settlement windows during the Real Time Settlement period (at 7 am))
- Change Request T2S-0642-SYS (Adjustments to the PDF and XML format of T2S invoices)
- Change Request T2S-0643-SYS (Display service item code and price on the GUI screen)
- Change Request T2S-0644-SYS (Automatic set-up of the invoices payment due date)
- Change Request T2S-0645-SYS (Character Set X: Align discrepancies between UDFS, UHB, DMT and SWIFT Handbook)
- Change Request T2S-0647-SYS (T2S Actors should be allowed to extract bulk of outbound messages in XML format)

#### **Cut-off handling and reporting in multi-currency situation - 4CB proposal for operational resilience**

The 4CB presented the revised approach to the handling of multi-currency scenario in T2S.

The CRG was informed that as per the current configuration of the cut-off events a strict processing order needs to be followed based on the dependency of a given cut-off on other events and the timing. If an event needs to be postponed then all the dependent events also need to be postponed in case the changed time of the event is later than the scheduled time of the dependent events. Similarly if an event needs to be anticipated then all predecessor events also need to be anticipated if the anticipated time is earlier than the scheduled time of the predecessor events.

The 4CB explained that in case of a specific requirement of a RTGS system a cut-off in T2S e.g. cash sweep GOLT needs to be changed for a particular currency e.g. Danish Krone (DKK) then, defining IDVP as currency dependent event would mean that the cut-off events for other currencies can be carried out as per regular schedule, however if IDVP is defined as currency independent then the cash sweep for other currencies cannot be carried out earlier than the cash sweep for DKK. Also in case the entire cut-off procedure needs to be postponed for a specific currency due to a contingency scenario, then the currency dependent cut-off would mean that the cut-off procedure for other currencies can continue as usual. As against if the cut-offs are defined as currency independent then cut-off procedure for all the currencies would be affected.

The 4CB proposal includes -

- Keeping the UDFS definitions of the events IDVP, CSRC (Intraday cash settlement restrictions cut-off), RLCR (Settlement restrictions release), RMIC (Intraday credit reimbursement), BATM (Intraday BATM cut-off), ICBO (Intraday CBO cut-off), OCSW/CLTS (Optional cash sweep), LTRC (Inbound liquidity transfers cut-off), GOLT/CLTS (Cash sweep) and defining EDVP as currency specific.

- Common T2S scheduling for above events with the possibility to amend the timing of the events for a specific currency to handle the contingency scenario or even on a permanent basis (e.g. GOLT as requested by DKK), the latter to be decided by the relevant bodies.
- To send one camt.019 (return business day information) to inform about the status 'RTMC' (Real-time settlement closure) at the first occurrence of currency specific event.
- Provision to select the currency for report configuration to ensure that the reports are generated at the time the currency specific event for the configured currency is triggered. The content of the reports won't be currency specific and therefore could include data of more than one currency. Reports will be generated at the last occurrence of the currency specific event for non-cash reports and also in case of cash related reports if no currency is specified during the report configuration.

The 4CB informed that they would raise a Change Request based on the proposed approach above and share it with the CRG on 21 December 2016. The CRG members agreed to provide the feedback on the Change Request via a written procedure. The 4CB also agreed to check if the Change Request would have impact on the DMT files.

The CRG agreed to the approach proposed by the 4CB for the cut-off handling and reporting in the multi-currency scenario. The CRG acknowledged that, in spite of the majority CRG feedback that the IDVP should not be currency specific; they would prefer an approach to keep the IDVP as currency specific as already specified in the UDFS but with a common scheduled time. This approach was more suitable for operational reasons than from functional perspective. The CRG also acknowledged that although the CRG members had indicated that they could move their current report configuration from ICBO, BATM or LTRC to EESR (EOD Extract Data for Statements and Reports) the proposed approach from the 4CB would ensure that the current events which are available for the report configuration (i.e. IDVP, CSRC, EDVP, BATM, ICBO, LTRC) could still be used for report configuration after the implementation of the Change Request.

CRG decision: The CRG agreed to the approach proposed by the 4CB for the cut-off handling and reporting in multi-currency scenarios in T2S.

Action points:

- The 4CB will raise a Change Request that incorporates the proposed implementation approach and share it with the CRG on 21 December 2016. The 4CB will check whether the Change Request has impact on the DMT files.
- The ECB will inform OMG about the CRG discussion on the topic and share the presentation on the proposed approach by the 4CB.

(See also agenda item 5 Scope of next T2S Releases)

**Change Request T2S-0358-URD (Unblocking of ISINs as part of Corporate Action Handling)**

The aim of the Change Request is to allow CSDs to instruct a special request to unblock an ISIN which takes effect only after the settlement of the corporate action (CA) instructions on that ISIN.

The CRG was informed about the OMG feedback that the operational procedure to handle a contingency scenario of failures in sending the instructions related to corporate action before the NTS is already in place.

The CRG was informed about the updated Change Request to incorporate the User Requirements document (URD) updates.

The 4CB informed that they plan to start the detailed assessment on the Change Request on 16 January 2017 and deliver it on 06 April 2017. This would allow to schedule the approval of the baseline scope/start of implementation work of the T2S Release 2.0 in early June 2017 (depending on the RMSG decision during the RMSG meeting on 19 January 2017). The 4CB also informed that they anticipate the decision from the steering level for this Change Request allowing an earlier green-light for its implementation.

The CRG recommended to launch the detailed assessment of the Change Request and asked the 4CB to check the feasibility to deliver the Change Request in the T2S Release 2.0.

CRG decision: The CRG recommended to launch the detailed assessment of the Change Request and asked the 4CB to check the feasibility to deliver the Change Request in the T2S Release 2.0.

#### **Change Request T2S-0515-SYS (Allow instructions from CSD participants for n days after maturity date of security)**

The aim of the Change Request is to allow instructions in T2S from CSD participants for 'n' days after the maturity date of an ISIN. During this period the instructions sent by CSD participants should be validated and allowed to match but not settle with the exception of CCP payment free of delivery (PFOD) instructions which should be allowed to settle.

The CRG was informed about the feedback from Corporate Action Sub-Group (CASG) on the proposal to use case 2 restriction for blocking of ISIN in T2S after the maturity date of the ISIN is reached. The CASG indicated that the use of restriction rules would result in increasing the responsibilities and operational burden on the CSDs. Therefore the CASG opinion was that the CRG should consider the implementation of the fully automated solution.

The CRG was also informed about the 4CB proposal for the simplified solution i.e. the CSDs would need to create the case 2 restrictions on an ISIN object with exceptions for CCP PFOD instructions.

Few CRG members indicated that they would support the simplified solution as the creation of case 2 restriction was a one-time setup, however some of the CRG members expressed that it would create additional burden on the CSDs and therefore they would prefer a fully automated solution.

The 4CB mentioned that one solution for making an exception to the CCP PFOD instruction could be addition of a table to list the BICs of CCPs and then eligibility check could use this table to check if the PFOD instructions were sent by CCP. However it could be complex.

A CRG member suggested splitting the Change Request to handle the exception part of the Change Request by means of different Change Request. The CRG member further added that implementing first part of the Change Request i.e. allowing the settlement instruction 'n' days after maturity would be a major step towards harmonisation of corporate action process in T2S. The CRG agreed to check if the exception for CCP PFODs is required in order to be compliant with the Corporate Action Joint Working Group (CAJWG) standards. If the requirement is not according to the standards then the Change Request could be split.

The CRG agreed that the ECB will confirm if the CAJWG standards require that exception to settle PFOD instructions during the 20 days after the maturity of ISIN should be limited to CSDs and CCPs. The CRG agreed that with the implementation of the CR-515 the Change Request T2S-0471-SYS (Deferred processing of maturity/expiry date update in T2S) could be decommissioned since the functionality is causing inefficiencies in the production.

CRG decision: The CRG recommended to add to the scope of this Change Request the decommissioning of the deferred processing of maturity/expiry date updates which was introduced with Change Request T2S-0471-SYS. This functionality is currently causing inefficiencies in production and would not be required with the implementation of Change Request T2S-0515-SYS any longer.

Action points:

- The ECB will check if the Corporate Action Joint Working Group (CAJWG) standards require that exception to settle PFOD instructions during the 20 days after the maturity of ISIN should be limited to CSDs and CCPs.
- The CRG members will liaise with the representative of CASG in their institution and provide feedback in written procedure if
  - They prefer to implement the simplified solution as presented by the 4CB which requires CSDs to activate a Case2 restriction for every security that reaches maturity or if they prefer to have fully automated solution that would not require additional restrictions to be activated per matured security, however the solution could be more complex and might have negative impact on the performance.
  - In case they prefer the fully automated solution then
    - should the requirement to allow only acceptance of settlement instructions n days after the maturity of ISIN and exception to allow matching and settlement of CCP PFOD instructions n days after maturity of ISIN be split in two Change Requests and the exception for CCP PFOD be implemented later? (split of the Change Request

would not be recommended if the exception for CCP PFOD instructions is required in order to be compliant with the CAJWG standards) Or

- should the exception for CCP PFOD instructions be implemented as part of the same Change Request.
- The CR initiator will update the Change Request to specify that the deferred processing of maturity/expiry date updates which was introduced with the Change Request T2S-0471-SYS would be decommissioned with the implementation of the CR-515 since the functionality is causing inefficiencies in the production.

(See also agenda item 5 Scope of next T2S Releases)

#### **Change Request T2S-0543-URD (Minimum amount for auto-collateralisation transactions)**

The aim of the Change Request is to allow payment banks to define an individual minimum cash amount to be transferred in an auto-collateralisation and client-collateralisation scenario.

The CR initiator confirmed to incorporate the 4CB proposal for decommissioning of the maximum credit percentage functionality in T2S in the Change Request.

Following a request of clarification put forward by one of the central bank representative of CRG, the CR initiator and the 4CB confirmed that the new functionality would not prevent generation of the auto-collateral transactions even if the lack of cash detected on the DCA by the cash provision check was below the minimum amount defined by the individual payment bank. Moreover it was clarified that the functioning of the auto-collateralisation on flow and auto-collateralisation on stock will not change due to the CR-543.

CRG decision: The CR initiator agreed to the updated version of the Change Request, which incorporated the 4CB proposal for decommissioning of the maximum credit percentage functionality in T2S.

#### **Change Request T2S-0544-URD (Retroactive Cash Restriction (Cash Blocking and Reservation))**

The aim of the Change Request is to input the settlement reference of an existing settlement instruction into the cash restriction to block/reserve cash for the settlement of the specific instruction that already existed in T2S.

The 4CB proposed an alternate solution by enriching the current amendment process in T2S i.e. an already existing settlement instruction in T2S could be amended to include the newly created cash restriction reference (reservation/blocking). The 4CB informed that the proposed approach would have impact on A2A and U2A and would also require an ISO Change Request.

The CR initiator informed that the proposed solution was more useful on securities side than on the cash side. Since the settlement instructions are created by T2S Actor on securities side, the cash

manager who creates the cash restriction will not have privilege to modify the settlement instruction created by the T2S Actor on the securities side. Therefore the proposed approach will not fulfil their requirements completely.

A CRG member suggested that a possible solution to the privilege issue could be to provide the necessary privileges to the cash side to modify the settlement instruction with the reference of the cash restriction if the NCB/Payment Bank user is the owner of the DCA specified in the settlement instruction. The 4CB agreed to check the feasibility of the above proposal. The CR initiator agreed to update the Change Request to specify the 4CB proposal in case the 4CB confirmed that privilege could be given to the cash side to modify the settlement instruction with the reference of the cash restriction if the NCB/Payment Bank user is the owner of the DCA specified in the settlement instruction.

A CRG member also suggested that instead of ISO Change Request it is possible to re-use the “Linkages” section of the settlement instructions to provide the reference of the settlement restriction which should be added into the settlement instruction. For the indication whether a restriction reference should be added or removed, a new code could be used (by specifying a prop type in “RequestDetails/OtherProcessing”). However the 4CB indicated their preference for a cleaner solution i.e. to have a separate block for inclusion of the restriction reference.

The CRG confirmed that the requirements specified in the Change Request is restricted to cash side only as similar need has not been identified on the securities side.

CRG decision: The CRG agreed to keep the Change Request on hold.

Action points:

- The 4CB will share a proposal for providing privileges to the cash side to modify the settlement instruction with the reference of the cash restriction if the NCB/Payment Bank user is the owner of the DCA specified in the settlement instruction.
- The CR initiator will update the Change Request, if agreeable with the 4CB proposal.
- The updated Change Request will be shared with the SGMS for advice on the messaging aspects of the Change Request. The Change Request would also require an ISO change.

**Change Request T2S-0559-URD (Prevention of matching (moment of irrevocability) SF2 in case of insolvency of a CSD Participant or a DCA holder)**

The aim of the Change Request is to prevent the matching of unmatched instructions submitted by an insolvent party (or on its behalf) and aiming at debiting one of its accounts (securities account or DCA).

The CRG was informed about the OMG feedback that the insolvency task force has considered the Change Request as mandatory. Earlier it was assumed that the Change Request was likely to be withdrawn and therefore was not recommended for the preliminary assessment.

The CRG agreed to recommend the Change Request for the preliminary assessment.

CRG decision: The CRG recommended the Change Request for the preliminary assessment.

**Change Request T2S-0562-URD (Overnight liquidity balance on the T2S Dedicated Cash Account in case of contingency scenario)**

The aim of the Change Request is to allow the T2S EOD to start in exceptional circumstances when the DCA balances cannot be swept to the Real Time Gross Settlement (RTGS).

The CR initiator informed about the legal implication of ignoring the intraday case 2 restrictions on the DCA during the automated cash sweep. In case of insolvency if the DCA holder and RTGS account holder of the linked RTGS account are different institutions, it is necessary to ensure that the funds in the DCA of the insolvent party are not swept to the RTGS account of the insolvent party. According to the MOP the linked RTGS account needs to be changed to the NCB account to ensure that the funds in the DCA of the insolvent party remain with the NCB. Hence ignoring the intraday case 2 restrictions on the DCA during the automated cash sweep could cause an operational risk.

Considering the potential operational risk the CRG agreed to remove the requirement of not considering intraday case 2 restrictions on DCAs during the automated cash sweep.

Moreover two CRG representatives from central bank on behalf of the respective banking communities, recalled that they support the inclusion of the CR-562 in the T2S Release 2.0 baseline under the condition that the principles related to reserve calculations and automatic marginal lending facilities, already included in the non-public TARGET2 MoP in case liquidity remains on DCAs overnight due to the malfunctioning of the cash sweep in T2S, have to be transposed into the Public TARGET2 Info Guide before the actual implementation of this Change Request. To this purpose, the two CRG members asked to flag this issue to the WGT2 when submitting the package of the Release 2.0 Change Requests for consultation in 2017-Q1.

As the Change Request needs to be updated, the CRG agreed to keep the Change Request on hold.

CRG decision: The CRG agreed to keep the Change Request on hold.

Action points: The CR initiator will update the Change Request to remove the requirement of not considering intraday case 2 restrictions on DCAs during the automated cash sweep.

(See also agenda item 5 Scope of next T2S Releases)

**Change Request T2S-0563-URD (Automatic Internal liquidity transfer between RTGS Transit Account and the T2S Dedicated Cash Account in case of RTGS rejection)**

The aim of the Change Request is to automatically generate internal liquidity transfers debiting the RTGS transit account and crediting the payment bank DCA in case of RTGS rejection for an outbound liquidity transfer order.

The CR initiator informed that they are considering to reduce the scope of the Change Request. Since the possibility of RTGS rejection for an outbound liquidity transfer order is not foreseen to be frequent, the requirement that T2S should automatically generate internal liquidity transfers debiting the RTGS transit account and crediting the payment bank DCA in case of RTGS rejections could be removed from the Change Request. The scope of the Change Request would then be limited to sending an alert to the T2S Operator in case no answer is received from the RTGS.

The CRG members suggested that the CR initiator could consider merging the reduced scope of the Change Request with the Change Request T2S-0562-URD (Overnight liquidity balance on the T2S Dedicated Cash Account in case of contingency scenario) and withdraw the CR-563 thereafter.

As the Change Request needs to be updated, the CRG agreed to keep the Change Request on hold.

CRG decision: The CRG agreed to keep the Change Request on hold.

Action points: The CR initiator will indicate whether the reduced scope of the Change Request i.e. sending an alert to the T2S Operator in case no answer is received from the RTGS could be incorporated in the Change Request T2S-0562-URD (Overnight liquidity balance on the T2S Dedicated Cash Account in case of contingency scenario). The CR-563 could be potentially withdrawn thereafter.

**Change Request T2S-0638-SYS (T2S should allow and process already matched instructions which includes the counterparty's securities position to be used for settlement purposes)**

The aim of the Change Request is to allow the counterparty to provide the sub-balance type in an already matched instruction. Currently the sub-balance type can be provided only for one party.

The CR initiator informed that the current version of the Change Request mentions change in the format of sese.023 (securities settlement transaction instruction) only to support the securities sub-balance type of the counterpart. However they would like to extend the scope of the Change Request to sese.024 (securities settlement transaction status advice) and sese.025 (securities settlement transaction confirmation) messages as well. The CR initiator also mentioned that they would prefer to have these changes in the queries and reports also.

The CRG agreed to share the Change Request with SGMS for advice on the messaging aspects.

As the Change Request needs to be updated the CRG agreed to put the Change Request on hold.

CRG decision: The CRG agreed to put the Change Request on hold.

Action points:

- The CR initiator will update the Change Request to extend the scope of the Change Request to include the outbound message i.e. sese.025 and sese.024.
- The CRG will send the Change Request to the SGMS for advice on the messaging aspects.

**Change Request T2S-0640-SYS (Bilaterally Agreed Treasury Management (BATM) operations to be applied on bilateral basis only)**

The aim of the Change Request is to amend T2S behaviour to ensure that a transaction is considered eligible for BATM settlement only if the ADEA (Accept After Regular Settlement Deadline) flag is set in both legs of the transaction.

The CRG was informed about the DCPG feedback on the Change Request that all the DCPG members (who provided the feedback) indicated that currently they are not using the ADEA code however the logic in T2S should be updated to make it bilateral. Most of the DCPG members considered that the Change Request is of medium priority.

A CRG member mentioned that although the code ADEA is not used by the participants there is no way to prevent them from using it and hence there was a possibility of misuse. Participants might be forced to accept a settlement until the BATM-cut-off since the counterparty could set the ADEA flag.

Another CRG member informed they could have a settlement instruction from triparty platform with ADEA code and they would need to send such settlement instructions to T2S after 4:00 p.m. Settlement instructions coming from a triparty platform would generally be unmatched instructions.

The CRG agreed to inform the DCPG, Working Group on TARGET2 (WGT2), Release Management Subgroup (RMSG), CSD Steering group (CSG) and OMG to advise their market participants as common market practise not to use the ADEA code in the unmatched settlement instructions until the Change Request is implemented.

Action points: The ECB will inform the other governance groups (DCPG, WGT2, RMSG, CSG and OMG) to advise their market participants not to use the ADEA flag in the unmatched settlement instructions until the Change Request is implemented.

(See also agenda item 5 Scope of next T2S Releases)

**Change Request T2S-0641-URD (Introduction of a new partial settlement window during the Real Time Settlement period (at 7 am))**

The aim of the Change Request is to introduce a new partial settlement window at 7 am.

The CR initiator informed that introduction of a partial settlement window at 7.00 am would help improve the settlement efficiency by reducing the number of settlement fails and also by providing additional partial window to those settlement instructions that remain pending after the NTS.

The CRG was informed that the Change Request would require only a change in the configuration and the detailed assessment or scoping of the Change Request for a T2S Release was not needed.

Some of the CRG members mentioned that an additional partial settlement would result in additional cost and therefore there should be more clarity about the reasons why the Change Request is required and the expected benefits of it. Moreover it needs to be analysed why the settlement instructions could

not settle during the NTS. During the meeting it was not entirely clear whether the Change Request is really the solution of the root cause.

The 4CB informed that the improved efficiency of settlement as a result of new partial settlement window can only be checked in the production. The CRG could request OMG to monitor the settlement efficiency after the introduction of the new window. If it does not result in improvement in the settlement efficiency then the configuration could be removed.

The CRG recommended the approval of the Change Request and its inclusion in the T2S Release 1.2.2.

The CRG agreed to inform OMG and RMSG about the CRG discussion.

CRG decision: The CRG recommended the approval of the Change Request and its inclusion in the T2S Release 1.2.2.

### **Change Request T2S-0642-SYS (Adjustments to the PDF and XML format of T2S invoices)**

The aim of the Change Request is to optimise the format of T2S invoicing documents by changing the PDF and XML templates of T2S invoices.

The CR initiator informed that the Change Request would make the T2S invoices more user friendly by properly displaying the relevant information.

The CR initiator agreed to provide clarification to the below questions raised by the 4CB and update the Change Request, if required.

- how the fields receiver and sender information are arranged in T2 invoices and if the requirement in the Change Request was in line with the format of T2 invoices
- for the requirement of modifications in the usage and format of the fields Method of Payment and Statement Regarding Legal Validity how the fields should be structured considering the Pillar III ISO messages
- business cases for the addition of a VAT field for the XML and PDF invoice documents

The CR initiator also indicated their preference to consider the Change Request for the T2S Release 2.0 if the CRG agreed to it.

As some of the open questions related to the Change Request need to be answered the CRG agreed to put the Change Request on hold.

CRG decision: The CRG agreed to put the Change Request on hold.

Action point: The CR initiator will specify in the Change Request the information that needs to be provided in the fields 'Method of Payment' and 'Statement Regarding Legal Validity'.

### **Change Request T2S-0643-SYS (Display service item code and price on the GUI screen)**

The aim of the Change Request is to display service item codes on the T2S GUI instead of technical identifier. Additionally the relevant price tag for the service item should also be available on the screen.

The CRG agreed to put the Change Request on hold for the time being and recommend it for the preliminary assessment along with the Change Request T2S-0642-SYS (Adjustments to the PDF and XML format of T2S invoices) and Change Request T2S-0644-SYS (Automatic set-up of the invoices payment due date) after they are mature.

CRG decision: The CRG agreed to put the Change Request on hold.

#### **Change Request T2S-0644-SYS (Automatic set-up of the payment due date in invoices)**

The aim of the Change Request is to set the default value for "payment due date" to "15" business days and link it to the parameter "invoice date" as well as the T2S business days calendar.

The CR initiator informed that the Change Request would eliminate the need for manual adjustments by the T2S operator to the parameter "payment due date" for each invoicing cycle.

The CR initiator agreed to confirm how the set up for payment due date is handled in TARGET2. Based on the analysis the CR initiator agreed to update the Change Request if required.

As the open questions related to the Change Request need to be answered the CRG agreed to put the Change Request on hold.

CRG decision: The CRG agreed to put the Change Request on hold.

Action point: The CR initiator will analyse the CRG questions and update the Change Request if required.

#### **Change Request T2S-0645-SYS (Character Set X: Align discrepancies between UDFS, UHB, DMT and SWIFT Handbook)**

The aim of the Change Request is to align the discrepancy of definition of set X characters between UDFS, UHB, DMT and SWIFT handbook by disallowing '{' and '}' as valid characters.

A CRG member acknowledged the importance of the Change Request since there is a possibility that the use of invalid character could lead to XSD validation error which could result in interruption to the straight through processing (STP) processing.

The CRG agreed to put the Change Request on hold.

CRG decision: The CRG agreed to put the Change Request on hold.

(See also agenda item 5 Scope of next T2S Releases)

**Change Request T2S-0647-SYS (T2S Actors should be allowed to extract bulk of outbound messages in XML format)**

The aim of the Change Request is to allow T2S Actors to extract outbound messages in XML format from T2S GUI.

The CR initiator informed that currently in case of communication failure in the A2A channel between T2S platform and actors (i.e. communication failure not due to NSP being down), the T2S GUI can be used as a backup to retrieve the outbound messages that could not be received via A2A mode. However the current extraction process is cumbersome in case the number of missing messages is high because they can only be extracted singularly. Therefore it would be useful to provide a possibility to the user to select all or some of the messages of a given 'message type' and extract them in a XML file.

The 4CB informed that the current 'Resend' functionality could be used as an alternative solution. With the resend functionality it is possible to re-transfer the original sent message/file whereas via the U2A functionality only the business content of the messages can be shown. An export of the entire original message/file (which includes header information as well) cannot be done via U2A. Building such functionality would mean that U2A would be used as an A2A channel and it would have negative impact on the performance. The 4CB further added that such functionality would require large bandwidth on the customer side and the cost of implementation would be very high. However, the CRG took note that if the communication channel does not work, then it may also not work in the case of the "resend" functionality.

The CR initiator agreed to check if the current 'Resend' functionality via A2A / U2A mode can be reused and amended to solve the request.

The CRG was also informed that the 4CB had shared a proposal with the OMG describing how T2S operator can resend the messages in bulk using one of its internal tool. The introduction of a new tool would allow the T2S Operator to massively resend rejected messages with the new business signature. As per the latest OMG update, the procurement process has been completed and all the tasks are expected to be complete by the end of second quarter of 2017. The ECB will check with the OMG the further details of the tool and if the tool could be used by the DCPs as well. The ECB will also check with the OMG if initial communication problem can be covered via a "Retry" Functionality of the network service providers (NSP).

CRG decision: The CRG agreed to put the Change Request on hold.

Action points:

- The ECB will check with the OMG the further details of the proposal shared by the 4CB to introduce a new tool that would allow the T2S Operator to massively resend rejected messages with the new business signature and if the tool could be used by the DCPs as well.
- The CR initiator will check if the current 'Resend' functionality via A2A / U2A mode can be reused and amended to solve the request.

- The ECB will check with the OMG if initial communication problem can be covered via a “Retry” Functionality of the NSP.

**Outcome of CRG written procedure on former item 11 (Removal of Party BIC field from the User Access Rights - Search Screen) of editorial Change Request T2S-0633-SYS (Multiplex Editorial Change Request on UDFS and UHB)**

The CRG was informed that during the written procedure most of the CRG members supported the current implementation and some of the CRG members indicated their preference for implementation of option 1 proposed by the 4CB i.e. CSD users would be able to query all the DCP admin users belonging to their DCPs, independent from whether the CSD or another party had previously created the admin user.

A CRG member informed that they still need to check the requirements of their institution and they might raise a Change Request for implementation of option 1 proposed by the 4CB if required.

**5. Scope of next T2S Releases**

**Presentation from PMG/RMSG on planning elements about future T2S Releases**

The CRG was informed about the Project Managers Group (PMG) recommendation to take into account the need to improve operational resilience when scoring/scoping the Change Requests for the next T2S Release. The PMG also recommended to avoid introducing complex functional changes for the first release after the final migration wave.

The CRG was informed about the high level plan for the baseline scope approval of the T2S Release 2.0. As per the current plan the 4CB would conduct the detailed assessment on the Change Request candidates for Release 2.0 from 20 February 2017 to 19 May 2017 and start of the software development work would be from early August 2017.

The CRG was informed that the RMSG is currently working on updating the Operational Governance as well as a standard timing for future T2S Releases. Based on the draft plan a major release would be in the month of June every year and a release in the month of November would be planned for the Change Requests that are required to align with the ISO and SWIFT changes. An interim release in the month of September and February would be planned to take care of any corrective actions identified as a result of release in June and November respectively.

The Chairperson requested CRG members to convey their views/feedback on the release planning aspects to the RMSG members in their institution.

**Prioritisation for the next T2S releases**

The CRG was informed about various aspects that should be considered for prioritising a Change Request for the next T2S Release 2.0 which is tentatively planned to be deployed in production in

June 2018. Based on the T2S framework agreement (FA) the CRG should consider the below parameters for prioritising a Change Request

- Average business value, as provided by all CRG members
- Average CR score, based on the parameters defined in the FA

Additionally the below aspects should also be considered

- Preparation for the migration of DKK to T2S
- PMG recommendation to focus on Operational Stability
- Upgrade of a next version of ISO Standard
- DCPG feedback on the Change Requests
- Comments provided by the CRG members

The CRG was briefed about the computation approach to arrive at the average score for each of the Change Request.

The CRG was informed that currently T2S is using ISO Standard Release version 2012 and it needs to be upgraded to the latest ISO Standard Release. The Change Request T2S-0612-SYS (Alignment of T2S Messages with ISO Release 2016) needs to be implemented first to be able to support the implementation of other ISO related Change Requests. The 4CB informed that they would prefer to consider all the ISO related Change Requests together for implementation in order to avoid duplication of work and any risk for the stability of the T2S platform during migration and stabilisation period. Additionally the 4CB is considering to include the changes due to the ISO 20022 Standard Releases of 2017 and 2018 in the CR-612 as well and target a release after 2.0 for implementation.

The CRG was further informed that considering that the T2S Release 2.0 is the last major release prior to the migration of the DKK to T2S the Change Request T2S-0358-SYS which is deemed mandatory to support the partial redemption process for securities eligible as collateral for auto-collateralisation in DKK will be included in the baseline scope of the T2S Release 2.0. All other Change Requests will be included in the Release 2.0 as change of baseline scope.

The CRG took note that the ISO related Change Requests should be considered for the next T2S Release on all or none basis.

A CRG member mentioned that they would like to have the CR-358 earlier than June 2018 preferably in April 2018 to ensure sufficient time for testing of the functionality. The CRG member also added that they have passed on this message to the RMSG as well.

The CRG agreed to check with the PMG/RMSG about the capacity of the T2S Release 3.0.

Action point: The ECB will check with the RMSG/PMG about the capacity of the T2S Release 3.0.

**Business value indicators for Change Requests on hold for future releases**

The CRG took note of the average business value, average score, the 4CB preliminary assessment, the DCPG feedback and importance from operational stability or compliance perspective for all the Change Requests in the backlog.

The CRG recommended that the Change Request T2S-0358-URD (Unblocking of ISINs as part of Corporate Action Handling) should be included in the T2S Release 2.0 as it is considered mandatory for the migration of DKK. Additionally the below Change Requests were positioned for inclusion in the T2S Release 2.0:

- A Change Request<sup>2</sup> for the enhancement of operational resilience in the multi-currency context.
- Change Request T2S-0640-SYS (Bilaterally Agreed Treasury Management (BATM) operations to be applied on bilateral basis only) as the Change Request was considered important from the risk mitigation and operational resilience perspective.
- Change Request T2S-0645-SYS (Character Set X: Align discrepancies between UDFS, UHB, DMT and SWIFT handbook) as the Change Request would address the operational resilience of T2S and solve issues in the XSD process.
- Change Request T2S-0562-URD (Overnight liquidity balance on the T2S Dedicated Cash Account in case of contingency scenario) as the Change Request was considered important from risk mitigation perspective.
- Change Request T2S-0588-SYS (Inclusion of the DCA in the auto-collateralisation messages i.e. T2S generated instructions (sese.032) and/or the corresponding settlement confirmations (sese.025)) as the Change Request would ensure that the relocation process uses the correct RTGS account. This would increase resilience in the operational interface between TARGET2 and T2S.
- Change Request T2S-0540-URD (Alignment of U2A and A2A cash forecast information) as the Change Request would align the view of information in Cash Forecast in U2A and A2A. Currently this difference in the presentation of the data is causing operational issues for liquidity managers.
- Change Request T2S-0515-SYS (Allow instructions from CSD participants for n days after maturity date of security) as the Change Request was considered important from the perspective of harmonisation and CAJWG Standards. Currently users have different ways of handling the maturity date for ISINs which leads to inconsistency. With the implementation of this Change Request the functionality introduced by Change Request T2S-0471-SYS (Deferred processing of maturity/expiry date update in T2S) could be decommissioned since it is causing issues in production.

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<sup>2</sup> The Change Request T2S-0648-SYS (Enhancement of operational resilience in multi-currency context ) was raised after the CRG meeting on 12-13 December 2016 to incorporate the 4CB proposal for enhancement of operational resilience in multi-currency context that was presented during the CRG meeting on 12-13 December 2016.

- Change Request T2S-0621-SYS (Multiple pending reason codes (combination of lack of securities and lack of cash)) as the Change Request would avoid giving wrong cash related information and reduce the number of messages sent to the users. Potentially leading to the positive impact on the overall system performance.
- Change Request T2S-0446-SYS (Blocking of U2A interface for submitting new instructions to T2S during reconciliation process post RAD (Recovery After Disaster)) as the Change Request would address the need to ensure proper reconciliation after recovery. Also the OMG requested to have the Change Request in the T2S Release 2.0.

The CRG discussed about the roadmap for the T2S Release 3.0 and which building blocks could be considered as part thereof. The potential building blocks i.e. Change Requests that could not be considered for the T2S Release 2.0 due to restriction on the capacity of the release, Change Requests related to ISO upgrade, Change Requests related to CSDR (both being technically linked), Change Requests related to cash forecast reports and queries (which require redesign of the functionality) and Change Requests related to GUI (which require redesign of GUI) could be considered for future T2S Releases based on the release capacity.

The CRG agreed that the below Change Requests despite some of them having a rather high ranking, have a lower priority than the above change requests and could not be considered for the T2S Release 2.0 due to restriction on the capacity of the release in terms of number of Change Requests.

- Change Request T2S-0590-SYS (Include information from the underlying settlement instruction in the T2S 'Bank to customer statement (camt.053)' and in the T2S 'Bank to customer debit credit notification (camt.054) messages for Settlement, Custody/Asset servicing and Reconciliation)). This Change Request was considered important from the reconciliation perspective, however it was not considered urgent since the workaround is available.
- Change Request T2S-0542-SYS (Enrich the Bank To Customer Debit/Credit Notification (camt.054) with data elements securities account Owner Parent BIC and securities account Owner Party BIC). This Change Request was considered important from the reconciliation perspective.
- Change Request T2S-0580-URD (Additional automatic intraday reimbursement of NCB auto collateralisation instructions). The Change Request is requested by market participants as it replaces a manual process by a full STP process and secures EOD processing as it reduces the risk of relocation. This Change Request would introduce a new scope and was not considered important from operational stability perspective. The Change Request was not considered urgent since the existing automatic reimbursement functionality available at the end of the day could be used. Additionally some market participants expected drawbacks of the Change Request.
- Change Request T2S-0620-SYS (Allow CSDs to query for all positions in a given security via T2S GUI). The Change Request was considered as important from an operational perspective. The Change Request was not considered urgent since the workaround i.e. to request the

information from the T2S Operator is in place. However the workaround cannot be considered as fully viable given that the use of this query is very frequent.

- Change Request T2S-0359-URD (Change of hold/release should be notified to counterparty before the Intended Settlement Date). This Change Request had a high business value, however no justification was provided as to why the Change Request could be considered as urgent.
- Change Request T2S-0632-SYS (To increase the default number of rows to be displayed from 10 to 100 rows per page). This Change Request was considered as introducing a small change to the T2S and therefore it could be considered outside the prioritisation activity. The 4CB would consider whether it could be possible to include this CR into Release 2.0, considering its small scope.
- Change Request T2S-0543-URD (Minimum amount for auto-collateralisation transactions). This Change Request would introduce a new scope and was not considered important from operational stability perspective.
- Change Request T2S-0355-URD (New account flag "negative position only"). This Change Request was considered as important from operational resilience perspective if the issues are identified in the production.

The CRG agreed that as indicated by the 4CB, the below Change Requests related to ISO<sup>3</sup> changes should be considered together for implementation in the T2S Release 3.0 potentially.

- Change Request T2S-0612-SYS (Alignment of T2S Messages with ISO Release 2016). This Change Request needs to be implemented first to upgrade to the latest ISO standards before any other T2S Change Request related to ISO changes can be implemented.
- Change Request T2S-0520-SYS (Add new fields to T2S messages sese.020, sese.024 and sese.025 needed for CA processing)
- Change Request T2S-0600-SYS (T2S reporting functionality must be enhanced to allow the retrieval of the settlement instructions and their related SF1 (accepted) /SF2 (matched) timestamps via A2A in an efficient and standard way). This Change Request is also important from CSDR and insolvency perspective.

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<sup>3</sup> The below Change Requests were added to the ISO related CRs block after the CRG meeting on 12-13 December 2016.

- Change Request T2S-0519-SYS (Add Short/Long Indicator for all positions/sub-positions in Statement of Holdings (semt.002) report) – The ISO CR for the Change Request has already been approved.
- \*Change Request T2S-0503-SYS (T2S Actor Reference and T2S Reference of counterparty's settlement instruction should be included in T2S messages sese.024, sese.025 and sese.032 after matching)
- \*Change Request T2S-0544-URD (Retroactive Cash Restriction (Cash Blocking and Reservation))
- \*Change Request T2S-0611-SYS (Cash Account Postings GUI Screen to include the T2S Actor References)
- \*Change Request T2S-0638-SYS (T2S should allow and process already matched instructions which include the counterparty's securities sub-position to be used for settlement purposes)

\* The Change Requests were included in the ISO related CR block as they would require ISO CR. The related ISO CR could be potentially raised in future.

- Change Request T2S-0607-SYS (T2S must be able to identify, store, and report settlement information related to buy-in transactions consistently across T2S messages). This Change Request is also important from CSDR perspective.
- Change Request T2S-0587-SYS (Alignment of ISO transaction codes across various T2S ISO messages).

The CRG agreed that the below Change Request related to the CSD Regulation (CSDR)<sup>4</sup> should be considered together for implementation in the T2S Release 3.0 potentially.

- Change Request T2S-0606-SYS (T2S should maintain and report information related to 'Place of Trade' and 'Place of Clearing' of a settlement instruction consistently across T2S messages).

The CRG agreed that the below Change Requests related to T2S GUI enhancement<sup>5</sup> should be considered together for implementation in a future T2S Release since they would require redesign of the T2S GUI.

- Change Request T2S-0567-SYS (Functional measures to optimise the T2S Graphical User Interface performance). This Change Request would introduce some minor enhancements to the T2S GUI, however no gain in terms of operational stability or major increase of overall GUI usability is expected.
- Change Request T2S-0541-URD (Bulk-release functionality (U2A) for settlement instructions).

The CRG agreed that the below Change Requests related to cash forecast should be considered together for implementation in the future T2S Release and should be bundled with the GUI enhancement related Change Requests since they would require redesign of the cash forecast.

- Change Request T2S-0556-SYS (Modification of cash forecast for the current and following business day after DVP cut-off).
- Change Request T2S-0629-SYS (Enhance Cash Forecast Query and Report to display CORP related cash movements separately).

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<sup>4</sup> The below Change Requests were added to the CSDR related CRs block after the CRG meeting on 12-13 December 2016.

- Change Request T2S-0608-SYS (T2S should be enhanced to maintain and report types of financial instruments as described in the CSDR Level 2 Technical Standards)
- Change Request T2S-0609-SYS (T2S must be able to report 'PENF' settlement status for settlement instructions for which settlement at the Intended Settlement Date (ISD) is no longer possible)

<sup>5</sup> The below Change Requests were added to the T2S GUI enhancement related CRs block after the CRG meeting on 12-13 December 2016.

- Change Request T2S-0568-SYS (T2S should allow system-wide SME and Security CSD link search via T2S GUI)
- Change Request T2S-0596-SYS (Enhance Settlement Instruction - Details screen to display T2S Matching Reference, the T2S Reference (Market Infrastructure Transaction Identification) and T2S Actor Reference of the Counterparty settlement instruction)
- Change Request T2S-0631-SYS (The field "value date" should be defaulted to the current business date in the Immediate Liquidity Transfers Screen)
- Change Request T2S-0647-SYS (T2S Actors should be allowed to extract bulk of outbound messages in XML format)

- Change Request T2S-0630-SYS (Enhance Cash Forecast Query and Report to display expected aggregated cash movements, with separate status Hold or Released).

The CRG agreed that the below Change Requests related to improvement of collateral valuation<sup>6</sup> should be considered together for implementation in the future T2S Release.

- Change Request T2S-0530-URD (One close link database for Eurosystem NCBs and separate database per non-EUR currency). This Change Request would remove the limitation in the definition of different close links, although the Change Request was not considered very urgent.
- Change Request T2S-0574-URD (Applying additional haircuts to own-used assets in T2S Central Bank auto-collateralisation). This Change Request was requested by the ECB governing council.

CRG decision: The CRG decided to include the below Change Requests in the initial list of Change Request candidates for the T2S Release 2.0 baseline scope. The CRG will review the list and make a final recommendation at its meeting on 24 January 2017.

- Change Request T2S-0358-URD (Unblocking of ISINs as part of Corporate Action Handling)
  - Reasoning: The Change Request is mandatory for migration of DKK.
- Change Request T2S-0648-SYS (Enhancement of operational resilience in multi-currency context)
  - Reasoning: The Change Request is mandatory for migration of DKK.
- Change Request T2S-0640-SYS (Bilaterally Agreed Treasury Management (BATM) operations to be applied on bilateral basis only)
  - Reasoning: The Change Request is important from the risk mitigation and operational resilience perspective.
- Change Request T2S-0645-SYS (Character Set X: Align discrepancies between UDFS, UHB, DMT and SWIFT handbook)
  - Reasoning: The Change Request addresses the operational resilience of T2S and solves issues in the XSD process.
- Change Request T2S-0562-URD (Overnight liquidity balance on the T2S Dedicated Cash Account in case of contingency scenario)
  - Reasoning: The Change Request is important from risk mitigation perspective.

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<sup>6</sup> The below Change Requests were added to the improvement of collateral valuation related CRs block after the CRG meeting on 12-13 December 2016.

- Change Request T2S 0436 URD (Client-collateralisation: allow payment banks to set up their own list of close links)
- Change Request T2S-0572-SYS (A2A message to remove close links)

- Change Request T2S-0588-SYS (Inclusion of the DCA in the auto-collateralisation messages i.e. T2S generated instructions (sese.032) and/or the corresponding settlement confirmations (sese.025))
  - Reasoning: The Change Request ensures that the relocation process uses the correct RTGS account. This increases resilience in the operational interface between TARGET2 and T2S
- Change Request T2S-0540-URD (Alignment of U2A and A2A cash forecast information)
  - Reasoning: The Change Request aligns the view of information in Cash Forecast in U2A and A2A. Currently this difference in the presentation of the data is causing operational issues for liquidity managers
- Change Request T2S-0515-SYS (Allow instructions from CSD participants for n days after maturity date of security)
  - Reasoning: The Change Request is important from the perspective of harmonisation and CAJWG Standards. Currently users have different ways of handling the maturity date for ISINs which lead to inconsistency. With the implementation of this Change Request the functionality introduced by Change Request T2S-0471-SYS (Deferred processing of maturity/expiry date update in T2S) could be decommissioned since it is causing issues in production.
- Change Request T2S-0621-SYS (Multiple pending reason codes (combination of lack of securities and lack of cash))
  - Reasoning: The Change Request will avoid giving wrong cash related information and reduce the number of messages sent to the users. Potentially leading to the positive impact on the overall system performance.
- Change Request T2S-0446-SYS (Blocking of U2A interface for submitting new instructions to T2S during reconciliation process post RAD (Recovery After Disaster))
  - Reasoning: The Change Request addresses the need to ensure proper reconciliation after recovery. The OMG has requested to have the Change Request in the T2S Release 2.0.

Action points:

- The CRG will provide feedback on the result of the initial CRG discussion on the scoping of next T2S Releases in a written procedure till 10 January 2016.
- The ECB will share the initial list of Change Requests for the scope of the T2S Release 2.0 with the OMG and PMG/RMSG.

**6. Bundling of outbound messages**

**Bundling of T2S outbound messages during RTS**

The CRG was informed that during the written procedure most of the CRG members indicated that they do not intend to use the functionality of bundling of outbound messages in T2S during RTS.

The Chairperson informed about the DCPG opinion that the CRG should not reject the request. The CRG members agreed to share the 4CB proposal on bundling of messages during RTS to the DCPG and check if they would like to use the functionality.

The CRG discussed that if the DCPG considers the proposal as positive then a new Change Request would have to be raised that incorporates the 4CB proposal. Action points: The CRG agreed to share the 4CB proposal on bundling of outbound messages during RTS with the DCPG and gather the feedback from the DCPG if they would like to use the functionality.

## **7. Approval of the updated DMT file format specifications**

### **Updated DMT File format specifications v1.2.6**

The CRG was informed that the DMT file formats were updated to incorporate the latest changes introduced by the following Change Requests

- Change Request T2S-0534-SYS (Minimum amount for auto-collateralisation transactions)
- Change Request T2S-0576-SYS (Handling of leading and trailing "blanks" and "/" in A2A and U2A attributes)
- item 10 of the Change Request T2S-0583-SYS (Editorial Change Request on GFS, UDFS and UHB)
- Change Request T2S-0593-SYS (Prevent acceptance (i.e. reaching SF1) of new settlement instructions at the level of a T2S Party)

The CRG agreed to provide the feedback on updated DMT file formats via a written procedure.

Action points: The CRG will provide the feedback on updated DMT file format specification v1.2.6 and recommend it for approval during the written procedure until 20 December 2016.

## **8. Analysis of SDD clarification notes related to fixes planned for future T2S releases**

### **SDD-PBR-0015 (Correction of conflicting business rules when creating overlapping restrictions for cash and securities accounts)**

Currently, during validation the business rules (BR) DCU1215 and DCU3215 do not allow the participant to apply several restriction types on T2S Dedicated Cash Account (DCAs) or external RTGS accounts having different codes in an overlapping validity period.

Currently the participant is able to activate several different Case 2 restrictions at the same time on the same Securities Account (SAC) contrary to only one Case 2 restriction is allowed at the same time on a same T2S Dedicated Cash Account or external RTGS account. The behaviour is inconsistent.

The user expectation is to be able to restrict all accounts, SACs, DCAs and external RTGS accounts with overlapping restriction types (i.e. different restriction types over the same validity period).

The SDD clarification note SDD-PBR-0015 explains that two business rules (DCU1215/DCU3215<sup>7</sup>) must be removed in order to allow the correct business rules to function as intended.

In addition, business rule DAU1240 shall be removed because the business rule is overlapping with business rule DAU1025.

These changes shall be reflected in the UDFS, in the UHB and in the Message documentation 'My standards'.

The CRG discussed the SDD clarification note SDD-PBR-0015 during the CRG meeting of 12-13 December 2016 and had additional time to review it in a subsequent written procedure until 16 December 2016<sup>8</sup>.

After implementation of the changes, the T2S actors will be able to apply multiple overlapping restrictions with different restriction types on a T2S Dedicated Cash Account or an external RTGS account.

Action points: The CRG will provide the feedback on the content of the SDD-PBR-0015 during the written procedure until 20 December 2016.

## **9. Any other business**

### **Management of priority of the settlement instruction during the settlement process**

A CRG member (Euroclear) informed that they have identified some cases in production where a settlement instruction with lower priority was settled before the settlement instruction which had higher priority. One such case was similar to the buy-in situation. Also when a group of transaction should have been considered for settlement optimisation it was observed that only 80% of them were

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<sup>7</sup> Business rules DCU1215, DCU3215, DAU1240 need to be removed.

- DCU1215: When performing a T2S Dedicated Cash Account update request, in case of request of creation of T2S Dedicated Cash Account Restriction, no additional Restriction Type with Valid To greater than or equal to the Valid From of the new Restriction Type must exist.

- DCU3215: When performing an External RTGS account update request, in case of request of creation of an External RTGS account Restriction, no additional Restriction Type with Valid To greater than or equal to the Valid From of the new Restriction Type must exist.

- DAU1240: When performing a Securities Account update request, in case of request of creation of Restriction Type, the Securities Account must not be already restricted by a Restriction Type having the same Object Restriction Type in the same validity period. The correct business rules that apply for these checks are respectively DCU1300, DCU3300 and DAU1025.

- DCU1300: When performing a T2S Dedicated Cash Account Update request, in case of request for creation/update of T2S Dedicated Cash Account Restriction, the new or updated restriction must not overlap with any other T2S Dedicated Cash Account Restriction having the same Restriction Type on the same T2S Dedicated Cash Account.

- DCU3300: When performing an External RTGS Account update request, in case of request for creation/update of an External RTGS Account Restriction, the new or updated restriction must not overlap with any other External RTGS Account Restriction having the same [Restriction Type].

- DAU1025: When performing a Securities Account Update request, in case of request for creation/update of Securities Account Restriction having Object Restriction Type equal to Securities Account, the new or updated restriction must not overlap with any other Securities Account Restriction already defined or in input flow having the same -Restriction Type-. In case of request for creation/update of Securities Account Restriction having Object Restriction Type equal to Securities Position, the restriction type must not overlap with any other Securities Account Restriction already defined or in input flow having the same Object Restriction Type

<sup>8</sup> During the CRG written procedure from 13 to 20 December 2016, the SDD-PBR-0015 was updated to reflect the wording of the business rule as per the approved Change Request T2S-0627-SYS (Managing overlapping of Restriction Types for Security Accounts)

sent for optimisation. Considering these cases it could be too early to withdraw the Change Request T2S-0603-URD (Processing order of settlement) and they could consider reopening the Change Request.

The 4CB informed that this was because of the parallel processing of the settlement instructions. The CR-603 was dealing with the correct order of sequencing and the MIB also suggested to withdraw the Change Request. For the current issues faced by Euroclear they could log an incidence or alternatively they could consider raising a new Change Request. The 4CB also requested for documentation of the scenarios encountered by Euroclear for further discussion.

Action points: Euroclear will document the scenarios they have experienced and share it with the ECB for solution-finding with 4CB and then potentially for discussion during the next CRG meeting.

### **Proposal for introduction of the new functionality of partial release in T2S**

A CRG member (Euroclear) raised a point that currently T2S does not allow to release a settlement instruction for partial quantity/value. When an instruction on hold is released by the T2S Actor the entire amount/quantity specified in the settlement instruction is released.

The functionality to enable partial release of amount/quantity of a settlement instruction would help improve the number of settled transactions. In case of omnibus account if the client does not have sufficient securities in the account partial release would allow to release the settlement instruction only for the quantity that is available for settlement.

The CRG took note that Euroclear is considering to raise a Change Request to implement the functionality of partial release of settlement instruction, if required. The Change Request could potentially require an ISO change.

### **Change Request T2S-0368-SYS (Easier retrieval of the ex/cum indicators for market claims)**

A CR member (Monte Titoli) raised a point that currently they need to do large number of queries to be able to receive the information about the ex/cum indicators for market claims. One of the solutions for this problem could be resolved via Change Request T2S-0368-SYS (Easier retrieval of the ex/cum indicators for market claims) which requested to include additional information about the ex/cum indicators in the semt.027 (securities settlement transaction query response). However this Change Request was withdrawn as another solution i.e. to use the copies of the messages to receive this information was found. Monte Titoli further added that they are currently receiving the copies of the messages however the cost of receiving the copies of messages is high.

Monte Titoli expects that the solution in line with the CR-368 could reduce the number of queries by 30% which would help the performance of the operational day.

Banca d'italia and Monte Titoli agreed share the outcome of their analysis about the expected reduction in queries and the impact on the EOD reports.

Another CRG member mentioned that the pricing structure in T2S favours the use of queries rather than receiving copies of the messages. Since the responsibility of the DCPs remains with the CSDs it

is important for CSDs to get the copies of the DCP messages and therefore in their opinion, a change in the pricing structure needs to be considered.

Action point: Banca d'italia and Monte Titoli will share the outcome of their analysis about the expected reduction in queries and the impact on the EOD reports.

### **CFI code - latest developments**

The CRG was informed that most NNAs would migrate to the new Classification of Financial Instruments (CFI) codes by quarter 1 of 2017, however the T2S will change from old CFI code standard to the new one after implementation of the Change Request T2S-0534-SYS (CFI code and country of issuance of a security should be modifiable and CFI code should be compliant with the updated ISO Standard 10962) in T2S Release 1.3. Until the Change Request is implemented the workaround i.e. sending dummy codes for new ISINs needs to be used. The workaround was accepted by the CRG previously.

### **Clarification note on data accuracy for queries and reports due to latency between operational and informational database**

The CRG agreed that the UDFS wordings proposed by the 4CB will be incorporated in the UDFS as part of next editorial Change Request. The CRG also agreed that the figures related to latency should not be part of the functional document and could be added to the Manual of Operational Procedures (MOP). The 4CB agreed to add a footnote in the UDFS to provide a reference to the MOP where the figures related to latency and the way to change them via minor change will be specified.

One of the CRG member raised concern that although the time lag between update of operational databases and informational databases is minimal, in case of contingency situation where a problem arises in T2S they may not be able to provide correct real time information to their customers if the operational and informational database are not in sync.

#### Action points:

- The CRG agreed that the UDFS wordings proposed by the 4CB will be incorporated in the UDFS as part of next editorial Change Request. The 4CB will also add a footnote in the UDFS to provide a reference to the MOP where the figures related to latency and the way to change them via minor change will be specified.
- The ECB will inform the OMG about the CRG discussion to update the MOP to specify the current figures related to average, minimum and maximum latency between operational and informational database.

### **Outcome of the GUI usability workshop held on 8 June 2016**

The CRG took note that few Change Requests were raised for some of the proposals discussed during the GUI usability workshop held on 8 June 2016.

**OMG assessment on UT-PBR-072 (Cancellation rejected before the processing of the underlying Settlement Instruction)**

The CRG was informed that the OMG has closed the UT-PBR from their side. As the number of occurrences for rejection of cancellation instruction before the processing of the underlying settlement instruction in production were found to be low the OMG did not see the need for a change in processing.

**Registration of Pillar III messages**

The CRG was informed that the Eurosystem has received a request to register a number of ISO 20022 messages. At least 3 organisations intend to use the non-registered T2S messages (Pillar III messages). SWIFT will register in the course of next year a number of administrative messages that they developed in the context of T2S.

The CRG took note that the 4CB is planning to present the maturity analysis for registration of the T2S messages during the CRG meeting on 24 January 2016.

**Change Request T2S-0560-SYS (T2S query/reporting functionality must be enhanced to allow the retrieval of the settlement instructions impacted by insolvency and their related SF1 (accepted) /SF2 (matched) timestamps in an efficient and standard way)**

The CRG took note of the changes made to the attachment during the implementation phase of the Change Request.

<b><u>Participant's organisation</u></b>	<b><u>Name of participant</u></b>
European Central Bank	Ms Karen Birkel                      Chairperson
European Central Bank	Mr Alejandro Del Campo Roiz de la Parra    Rapporteur
European Central Bank	Ms Madhura Satardekar
European Central Bank	Mr David Weidner
European Central Bank	Mr Arpit Bhargava
European Central Bank	Ms Assitan Diallo
4CB	Mr Arno Friederich
4CB	Ms Shkurtova Mariana
4CB	Ms Wilma Jagomast
4CB	Ms Julia Brückmann
4CB	Mr Dirk Beiermann
4CB	Ms Kristin König
4CB	Ms Natalia Canalejo
4CB	Mr Miguel Martinez
4CB	Mr Victorien Goldscheider
4CB	Mr Massimiliano Renzetti
4CB	Mr Jennings Michael
4CB	Mr Didier Faur
Danmarks Nationalbank	Mr Peter Toubro-Christensen
Deutsche Bundesbank	Ms Melanie Gulden
Bank of Greece	Mr Yorgos Korfiatis
Banque de France	Mr Hervé Angebaut
Banque de France	Mr Jocelyn Brossard
Banca d'Italia	Mr Luca Rissolo
De Nederlandsche Bank	Mr Erik Beunen
Banque Nationale de Belgique	Mr Koen Geenen
Oesterreichische Nationalbank	Ms Silvia Rotter
Banque centrale du Luxembourg	Mr Alexandre Briand
Banco de España	Ms Anca Parau
Centrálny depozitár cenných papierov SR	Mr Juraj Aksamit
Iberclear	Ms Pilar Sanchez
Euroclear	Mr Dan Toledano
VP Securities	Ms Susanne Hass

Clearstream

Clearstream

Monte Titoli

Keler

BOGS

Nordea

ABN AMRO Clearing

BBVA

BNP Paribas Securites Services

Deutsche Bank

LCH Clearnet

Societe Generale

Mr Friedrich Franke

Mr Markus Glück

Mr Umberto Granata

Mr Matuszka Kristof

Mr Panagiotis Petropoulos

Mr Janne Palvalin

Mr Ton van Andel

Mr Daniel Saeta Martínez

Mr Giorgio Ferraro

Ms Britta Woernle

Mr Pierre Peczi

Mr Olivier Leveque