

AMI-SeCo  
20 March 2018  
Agenda item 6

# Status update on T2S CRG activities

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## 1. Introduction

This note provides a status update from the ECB team to the Advisory Group on Market Infrastructures for Securities and Collateral (AMI-SeCo) on topics related to T2S Change Request Management process.

Since the last update to the AMI-SeCo in December 2017, a change request (CR) was added to the scope of T2S release 2.0 for the management of static data in the context of T2-T2S consolidation, and the first four CRs were added to the baseline scope of T2S release 3.0. In addition, the note also includes information about other changes in CR statuses, as well as operational topics referred to the CRG for functional analysis.

## 2. T2S release 2.0

### 2.1 CRs approved for R2.0

The below table includes the delta of the CRs approved by the T2S Steering Level for the T2S Release 2.0 (June 2018) since the last reporting to the AMI SeCo. Only CR-674 was added (see hyperlink below for a detailed description).

CR ID	CR Title	T2S Release	AMI-SeCo consultation
<a href="#">T2S-0674-SYS</a>	Common Reference Data Management for TIPS	R2.0	9 to 15 February 2018

The full list of the CRs already approved by the T2S Steering Level for T2S R2.0 can be found on the ECB website: [https://www.ecb.europa.eu/paym/t2s/progress/pdf/crg/scope/t2s\\_release\\_2-0\\_scope.pdf](https://www.ecb.europa.eu/paym/t2s/progress/pdf/crg/scope/t2s_release_2-0_scope.pdf)

### 2.2 Update of T2S scope-defining documents for R2.0

The final version of the below documents was published on the T2S website on 2 March 2018<sup>1</sup>.

- User Requirements Document v6.0 (URD v6.0)
- T2S User Detailed Functional Specifications v3.0 (UDFS v3.0)
- User Handbook v3.0 (UHB v3.0)
- General Functional Specifications v6.0 (GFS v6.0)
- Data Migration Tool File Format Specifications v1.2.8 (DMT v1.2.8)

The updated documentation incorporates CRs in the scope of the T2S Release 2.0, including the editorial CRs approved by the CSD Steering Group (CSG) until 26 January 2018. They also include editorial changes that were pending for publication following the T2S Release 1.3.

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<sup>1</sup> <https://www.ecb.europa.eu/paym/t2s/about/keydocs/html/index.en.html>

Compared with the last status update, two additional editorial CRs were approved at T2S Steering Level following the advice of AMI-SeCo as summarized in the table below.

CR ID	CR Title	T2S Release	AMI-SeCo consultation
<a href="#">T2S-0672-SYS</a>	Multiplex Editorial Change Request on UDFS and UHB	R2.0	18 to 25 January 2018
<a href="#">T2S-0673-SYS</a>	Multiplex Editorial Change Request on UDFS and UHB	R2.0	18 to 25 January 2018

### 3. T2S release 3.0

#### 3.1 CRs approved for R3.0

The below table includes the CRs approved by the T2S Steering Level for the T2S Release 3.0 (June 2019) since the last reporting to the AMI SeCo. For the time being, this is also the full list of T2S R3.0 CRs. A detailed description per CR is available in the hyperlinks provided below.

CR ID	CR Title	T2S Release	AMI-SeCo consultation
<a href="#">T2S-0600-SYS</a>	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	R3.0	2 to 7 February 2018
<a href="#">T2S-0607-SYS</a>	T2S must be able to identify, store, and report settlement information related to buy-in transactions consistently across T2S messages	R3.0	2 to 7 February 2018
<a href="#">T2S-0612-SYS</a>	Alignment of T2S Messages with ISO Maintenance Releases 2013 - 2017	R3.0	21 December 2017 to 2 January 2018
<a href="#">T2S-0646-SYS</a>	Pre-formatted operational reports	R3.0	12 to 15 February 2018

#### 3.2 Potential candidates for R3.0

The CRG, also in collaboration with the T2S Release Management Subgroup (RMSG), has recommended that the 4CB perform the detailed assessment of the following eight CRs, including the feasibility to deliver them in T2S release 3.0. Their detailed assessment is ongoing.

##### 3.2.1 CR-520

CR ID	<a href="#">T2S-0520-SYS</a>
CR title	Add new fields to T2S messages sese.020, sese.024 and sese.025 needed for CA processing
CR Description	The CR foresees that the T2S settlement and cancellation messages include new fields to facilitate the identification of which corporate action they relate to. The purpose is for T2S to be compliant with the T2S Standards on CA on Flows.

CR Initiator	Corporate Actions Sub Group
Status	Detailed assessment expected 16/03/2018
Cost	Financial impact parameter: Medium (EUR 200.000 to EUR 400.000)

### 3.2.2 CR-542

CR ID	<a href="#">T2S-0542-SYS</a>
CR title	Enrich the Bank To Customer Debit/Credit Notification (camt.054) with data elements securities account Owner Parent BIC and securities account Owner Party BIC
CR Description	The CR foresees that the cash credit/debit notifications include information about the underlying securities participant to which they relate. The purpose is to facilitate payment banks' liquidity management and compliance with Basel 3 reporting obligations
CR Initiator	German National Stakeholders Group
Status	Detailed assessment expected 16/03/2018
Cost	Financial impact parameter: Medium (EUR 200.000 to EUR 400.000)

### 3.2.3 CR-543

CR ID	<a href="#">T2S-0543-URD</a>
CR title	Minimum amount for auto-collateralisation transactions
CR Description	The CR foresees that if auto-collateralisation is triggered, at least X EUR worth of securities are collateralized, thus providing a buffer of collateral for subsequent settlement instructions. The purpose is to reduce the number of small auto-collateralisation transactions (and the associated costs).
CR Initiator	German National Stakeholders Group
Status	Detailed assessment expected 16/03/2018
Cost	Not available.

### 3.2.4 CR-587

CR ID	<a href="#">T2S-0587-SYS</a>
CR title	Alignment of ISO transaction codes across various T2S ISO messages
CR Description	The CR foresees that the same ISO transaction types are valid in T2S settlement instructions and in subsequent messages, in particular allegement messages. The purpose is to remove inconsistencies and reduce the risk that a counterparty misses an allegement.
CR Initiator	Euroclear

Status	Detailed assessment expected 16/03/2018
Cost	Financial impact parameter: Medium (EUR 200.000 to EUR 400.000)

### 3.2.5 CR-590

CR ID	<a href="#">T2S-0590-SYS</a>
CR title	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
CR Description	The CR foresees that the cash credit/debit notifications, and cash statement, include information about the underlying instruction to which cash movements relate. The purpose is to facilitate payment banks' reconciliation processes and compliance with Basel 3 reporting obligations
CR Initiator	National Bank of Belgium / NBB-SSS
Status	Detailed assessment expected 16/03/2018
Cost	Financial impact parameter: Medium (EUR 200.000 to EUR 400.000)

### 3.2.6 CR-613

CR ID	<a href="#">T2S-613-SYS</a>
CR title	T2S should give the possibility to receive outbound T2S messages bundled in files
CR Description	The CR foresees that T2S users can opt to receive messages bundled in files also during the RTS period. The purpose is to reduce message costs.
CR Initiator	Euroclear
Status	Detailed assessment expected 22/05/2018
Cost	Financial impact parameter: High (EUR 400.000 to EUR 700.000)

### 3.2.7 CR-653

CR ID	<a href="#">T2S-0653-URD</a>
CR title	Partial release functionality.
CR Description	The aim of the CR is to create a functionality of 'partial release' which would allow CSD participants to release a transaction for part of the quantity of a settlement instruction.
CR Initiator	Euroclear.
Status	Detailed assessment expected 26/04/2018
Cost	Financial impact parameter: High (EUR 400.000 to EUR 700.000).

### 3.2.8 CR-670

CR ID	<a href="#">T2S-0670-SYS</a>
CR title	Logical deletion and purge of matured ISINs together with their related links.
CR Description	The CR would allow a Security Maintaining Entity (SME) to delete a security regardless of the related active reference data. The CR would create a new automatic process in T2S which results in purging of these related active reference data when T2S purges the security.
CR Initiator	4CB
Status	Detailed assessment expected 16/03/2018
Cost	Not available.

The 4CBs are also analysing whether a T2S performance deterioration could occur due to a huge number of matured securities and related reference data in the online database. This would give an indication of the urgency of the CR.

## 4. Other CRs

This section includes CRs which are neither allocated, nor candidates for allocation to a T2S release yet.

### 4.1 CRs under preliminary assessment

Since the last update to the AMI-SeCo, the CRG members agreed to launch the preliminary assessment of three CRs. The AMI-SeCo will be consulted on these CRs when required.

#### 4.1.1 CR-544

CR ID	<a href="#">T2S-544-URD</a>
CR title	Retroactive Cash Restriction (Cash Blocking and Reservation)
CR Description	The aim of the CR is to enable user to amend an existing settlement instruction to add or remove cash restriction references.
CR Initiator	German National Stakeholders Group
Status	Preliminary assessment expected 26/03/2018
Cost	Not available

#### 4.1.2 CR-671

CR ID	<a href="#">T2S-0671-SYS</a>
CR title	Reporting of Beneficial Ownership indicator in allegements, status messages and settlement confirmations
CR Description	The CR foresees that when an instruction implies a change of beneficial owner, this info is stored in T2S and reported in outbound messages. The

	purpose is to facilitate banks compliance with MIFIR.
CR Initiator	Clearstream
Status	Preliminary assessment expected 26/03/2018
Cost	Not available

#### 4.1.3 CR-675

CR ID	<a href="#">T2S-0675-SYS</a>
CR title	Add ISIN as Search Criteria in Eligible counterpart screen
CR Description	This CR foresees that it should be possible to query via T2S GUI Eligible counterpart CSDs for one particular ISIN, instead of all ISINs. The purpose is to make the underlying operational process leaner.
CR Initiator	Euroclear
Status	Preliminary assessment expected 26/03/2018
Cost	Not available

## 4.2 CRs on hold

The CR-606, CR-609, CR-614 and CR-654 have been put on hold until the timeline for the applicability of the CSDR is clarified by the European authorities. This is expected to be clarified in Q2 2018.

In addition, the T2S CSDs will clarify their intentions regarding the usage of a T2S penalty mechanism. This clarification is expected in April 2018.

The tables below include further information about these four CRs which have already been detailed assessed, but not allocated to a release.

#### 4.2.1 CR-606

CR ID	<a href="#">T2S-0606-SYS</a>
CR title	T2S should maintain and report information related to 'Place of Trade' and 'Place of Clearing' of a settlement instruction consistently across T2S messages
CR Description	The CR foresees that the Place of trade and Place of clearing are included in T2S messages/reports. The purpose is to facilitate compliance of the CSDs with the CSDR.
CR Initiator	CSDR Task Force
Status	Detailed Assessed – On hold
Cost	Development cost: EUR 434,013.48 Operational costs: EUR 276,947.05

#### 4.2.2 CR-609

CR ID	<a href="#">T2S-0609-SYS</a>
CR title	Reason code FUTU (Instruction is awaiting the settlement date) should not be used for unmatched instructions.

CR Description	The aim of the CR is to include the matching status 'unmatched' in status advice messages whenever the status advice message reports a pending reason code for unmatched instructions.
CR Initiator	CSDR Task Force
Status	Detailed Assessed – On hold
Cost	Development cost: EUR 1,024,459.22 Operational costs: EUR 336,360.42

#### 4.2.3 CR-614

CR ID	<a href="#">T2S-0614-SYS</a>
CR title	Matching status should be included in sese.024 status messages for unmatched instructions when a pending reason is reported
CR Description	The aim of the CR is to include the matching status 'unmatched' in status advice messages whenever the status advice message reports a pending reason code for unmatched instructions.
CR Initiator	Euroclear.
Status	Detailed Assessed – On hold
Cost	Development cost: EUR 66,121.39 (assuming joint implementation with CR-609) Operational costs: N/A (assuming joint implementation with CR-609)

#### 4.2.4 CR-654

CR ID	<a href="#">T2S-0654-SYS</a>
CR title	T2S Penalty Mechanism
CR Description	The CR foresees that T2S calculates penalties applicable to failing transactions and reports them, on a voluntary basis, to the CSDs in charge of applying them.
CR Initiator	CSDR Task Force
Status	Detailed Assessed – On hold
Cost	Development cost: EUR 3,457,388.20 Operational costs: EUR 336,860.17

## 5. Functional analysis of operational topics

Since the last reporting to the AMI-SeCo, the CRG performed a functional analysis of the following production problems/incidents and operational topics.

- [SDD-PBR-0028](#) (Massive Queries - Limitations of the T2S GUI)

The CRG agreed to the documentation updates proposed in the SDD clarification note (see details in above link).

- [SDD-PBR-0032](#) (New business rule for instructions with non-reciprocal AFTER link accepted before, but matched after the linked instruction has partially settled)

The CRG agreed to the implementation proposed in the SDD clarification note and the related documentation updates (see details in above link).



- [SDD-PBR-0033](#) (Privilege SDQ\_Queued Data Changes Query not reported)

The CRG agreed to the implementation proposed in the SDD clarification note and the related documentation updates (see details in above link).
- [SDD-PBR-0034](#) (Data scope reduction by denying access at party level cannot be used to deny a participant access to its own Party and all of its Accounts, nor to the participant's own System Entity)

The CRG agreed to the implementation proposed in the SDD clarification note and the related documentation updates (see details in above link).
- [SDD-PBR-0035](#) (T2S should prevent the creation or update of a T2S Dedicated Cash Account whose opening date is before the opening date of its account holder)

The CRG agreed to the implementation proposed in the SDD clarification note and the related documentation updates (see details in above link).
- [SDD-PBR-0036](#) (Alignment of the 'Hold Indicator' format of the UDFS flat file specification for Statement of pending instructions)

The CRG agreed to the documentation updates proposed in the SDD clarification note (see details in above link).
- [SDD-PBR-0037](#) (Addition of the Query Type ID as mandatory search criteria in the Cash Forecast Query)

The CRG agreed to the implementation proposed in the SDD clarification note and the related documentation updates (see details in above link).
- [SDD-PBR-0038](#) (Statement of holdings in flat files report should not contain entries with positions to zero without activity the previous business day)

The CRG agreed to the implementation proposed in the SDD clarification note and the related documentation updates (see details in above link).
- [Issue of the maximum number of auto-collateral reimbursement instructions that can be processed by T2S](#)

The CRG agreed that the 4CB functional solution envisaged in the [operational procedure](#) was acceptable and that the implementation of CR-643 would reduce the frequency of occurrence of the issue described in the above link.