General Information (Origin of Request)		
☐ User Requirements (URD) ☒ Other User Functional or Technical Documentation (SYS)		
Request raised by: T2S CASG	**Institute:** ECB	**Date raised:** 17/12/2014
Request title: Add "Corporate Action Event Identifier" and reason code "Cancellation due to transformation" in sese.024		**Request ref. no:** T2S 0496 SYS
Request type: Common	**Urgency:** Normal	
1. Legal/business importance parameter: Low	**2. Market implementation efforts parameter:** Low	
3. Operational/Technical risk parameter: Low	**4. Financial impact parameter:** Medium	
Requestor Category: T2S Sub-group	**Status:** Authorised at Steering Level	

Reason for change and expected benefits/business motivation:

The main reason for suggesting the changes to T2S messages below is to ensure that the messaging needs of various actors in T2S with regards to corporate action processing, are adequately covered. Some of these changes will require also ISO changes but the T2S community believes that these changes will be also beneficial to the global community as they will cover the business case when different actors are using a single settlement platform to settle corporate actions.

In particular, the suggested changes stem from the following requirements of the T2S CA standards:

According to standard 16 of the T2S CA Market Claim standards:

"Each CSD/CCP will include in the market claim settlement instruction sent to T2S appropriate references so that its participant can identify and process the claim satisfactorily. Background Info: Possible references include: T2S reference of the underlying transaction, and IOC corporate action event reference. From a T2S system specification perspective, these references are only for information purposes (for CSDs participants) as these references do not trigger any specific processes in T2S (other than standard settlement)."

And standard 4 of the T2S CA Transformation standards:

"IOCs/CCPs managing the transformation will use the ISO20022 format as specified in the T2S URD. IOCs/CCPs will include in the transformation settlement instructions the appropriate references so that their own participants can identify and process the transformation satisfactorily in their own books. The minimum references required include: T2S reference of the underlying transaction, the "TRAN" ISO settlement transaction condition code [5], and CSD corporate action event reference.

From a T2S system specification perspective, these references are only for information purposes (for CSDs/CCPs participants) as these references do not trigger any specific functionality in T2S (other than standard settlement processing)."

The proposed changes to T2S messages are the following:

1) **Addition of Corporate Action Event Identifier to Securities Settlement Transaction Status Advice (sese.024) and**

Without the corporate action event reference in the sese.024 it will be difficult for Directly Connected Participants, including CSDs and CCPs, to use fully automated functionality to determine to which corporate action event the market claim or the transformed transaction should be assigned. The corporate action event reference is currently pruned in the T2S messages schema of sese.024. No ISO change is therefore needed for this change request.

2) **Addition in sese.024 of reason code for cancelation due to transformation**

The reason code for cancellation due to transformation Cancelled Status Reason Code (/SctiesSttlmTxStsAdvc/PrcgSts/Canc/Rsn/Cd/Cd) "CANT" (CancelledDueToTransformation) should be added to sese.024. This change will not require ISO change but unpruning of codes/fields, which are not part of the T2S schema.

What could be problematic in T2S is that the reason for cancellation due to transformation and the CorpEvent Id is also missing from the sese.020 (Request for cancellation). This gap is addressed by the linked change request T2S 0520 SYS.

Proposed changes to be made in T2S messages (technical specification):

In blue, highlights where Corp Event Id is currently missing
In green, highlights where reason for the cancellation is missing

SESE.024 – settlement status advice – market claims
/SctiesSttlmTxStsAdvc/TxId/AcctSvcrTxId/XXXXXXXXXXXCLAI

/SctiesSttlmTxStsAdvc/TxDtls/CorpActnEvtId
/SctiesSttlmTxStsAdvc/SttlmParams/SctiesTxTp/cd/CLAI

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SESE.024 – settlement status advice – transformations (underlying instruction)
/SctiesSttlmTxStsAdvc/PrcgSts/Canc/Rsn/Cd/Cd/CANT
/SctiesSttlmTxStsAdvc/TxDtls/CorpActnEvtId

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Description of requested change

1) Add the field Corporate Action Event Identification (CorpActnEvtId) in the Transaction Details (TxDtls) sequence of the sese.024.

2) Add the reason code CANT (CancelledDueToTransformation) as a valid code for the Cancelled Status Reason Code (/SctiesSttlmTxStsAdvc/PrcgSts/Canc/Rsn/Cd/Cd) in sese.024

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Submitted annexes / related documents:

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Proposed wording for SYS the Change request:

The following UDFS v2.1 sections should be modified:

3.3.8.5 SecuritiesSettlementTransactionStatusAdviceV03 (sese.024.001.03), page 1510

To update the "cancelled" message usage of the sese.024 status advice message to include the value "CANT" (CancelledDueToTransformation) as an additional possible value (i.e. requested change #2)
Additionally the sese.024 message documentation available in Mystandards needs to be updated to include the Corporate Action Event Identification (CorpActnEvtId) in the Transaction Details (TxDtls) sequence and the reason code CANT (CancelledDueToTransformation) as a valid code for the Cancelled Status Reason Code. (i.e. requested change #1 and #2)

MESSAGE ITEM	DATA TYPE / CODE	UTILISATION
Code Document/SctiesSttlmTxStsAdvc/PrcgSts/Canc/Rsn/Cd/Cd	CancelledStatusReason13Code [□ 1985]	ISO reason code for the cancellation. The only possible values are: I CANI I CANS I CANT I CTHP

4.2.1 ISO 20022 Codes, page 1985

CancelledStatusReason13Code

CODE	NAME
CANI	CancelledByYourself
CANS	CancelledBySystem
CANT	CancelledDueToTransformation
CTHP	CancelledByThirdParty
OTHR	Other

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High level description of Impact:

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Outcome/Decisions:

* CASG Telco of 17 December 2014: The CASG agreed to submit the Change Request to the CRG.

* CRG meeting of 6 February 2015: The CRG decided to put the Change Request on hold.

* CASG on 10 March 2015: The CASG agreed to submit the updated Change Request to the CRG.

* CRG meeting of 12 March 2015: The CRG put the Change Request on hold and the CRG agreed to check with the CASG to clarify on the exact requirements of the Change Request.

* CASG on 13 April 2015: The CASG agreed to submit split CR T2S 0496 SYS into two separate CRs: CR T2S 0496 SYS, which does not require ISO changes in T2S messages and CR T2S 0520 SYS, which requires ISO changes in T2S messages.

* CRG Meeting of 28 April 2015: The CRG put the Change Request on hold. The CRG decided to re-discuss the Change Request in the next CRG meeting in May 2015, considering the feedback of the CASG.

* CRG Meeting of 20 May 2015: The CRG acknowledged the CASG feedback and put the Change Request on hold. The CRG agreed to re-discuss the Change Request in September 2015 in the context of T2S release 2.

* CRG meeting on 8-9 February 2016: The CRG identified the Change Request as a candidate for the Release 1.3. The CRG agreed to re-discuss the Change Request in the next CRG teleconference on 24 February 2016 when deciding on the list of Change Requests for Release 1.3.

* CRG teleconference of 24 February 2016: The CRG decided to put the Change Request on hold and identified as candidate for Release 1.3.

* CRG meeting of 10 March 2016: The CRG recommended the Change Request for detailed assessment.

* Advisory Group on 24 March 2016: In a written procedure from 18 to 24 March 2016, the Advisory Group was in favour of launching the detailed assessment on the Change Request.

* CSD Steering Group on 29 March 2016: In a written procedure from 18 to 29 March 2016, the CSD Steering Group was in favour of launching the detailed assessment on the Change Request.

* OMG on 23 March 2016: During a written procedure from to 16 to 23 March 2016 2016, the Operations Managers Group did not identify any operational impact.

* CRG meeting on 6/7 July 2016: The CRG recommended the approval of Change Request and its inclusion in the T2S Release 1.3, in principle subject to feasibility of delivery for Release 1.3.

* OMG on 6 July 2016: During a written procedure from 30 June 2016 to 06 July 2016, the Operations Managers Group did not identify any operational impact.

* OMG in a written procedure from 5 to 12 August 2016: The OMG was in favour of adding the Change Request to the T2S Release 1.3.

* Advisory Group on 18 August 2016: Following a written procedure from 12 to 18 August 2016, the AG was in favour of approving the Change Request.

* CSD Steering Group on 19 August 2016: Following a written procedure from 12 to 19 August 2016, the CSG adopted the resolution to approve the Change Request.

* Advisory Group on 20 September 2016: Following a written procedure from 14 to 20 September 2016, the AG was in favour of inclusion of Change Request in T2S Release 1.3.

* CSD Steering Group on 21 September 2016: During the CSG meeting on 21 September 2016, the CSG adopted the resolution to include the Change Request in T2S Release 1.3.

EUROSYSTEM ANALYSIS – GENERAL INFORMATION				

	Static data management		**Interface**	
Impact On T2S	Party data management			Communication
	Securities data management		x	Outbound processing
	T2S Dedicated Cash account data management			Inbound processing
	Securities account data management			
	Rules and parameters data management			
	Settlement		**Liquidity management**	
	Standardisation and preparation to settlement			Outbound Information Management
	Night-time Settlement			NCB Business Procedures
	Daytime Recycling and optimisation			Liquidity Operations
	Daytime Validation, provisioning & booking		**LCMM**	
	Auto-collateralisation			Instructions validation
			x	Status management
	Operational services			Instruction matching
	Data Migration			Instructions maintenance
	Scheduling		**Statistics, queries reports and archive**	
	Billing			Report management
	Operational monitoring			Query management
				Statistical information
				Legal archiving
	All modules (Infrastructure request)			
	No modules (infrastructure request)			
	Business operational activities			
	Technical operational activities			

Impact on major documentation		
Document	**Chapter**	**Change**
Impacted GFS chapter	n/a	
Impacted UDFS chapter	LCMM: 3.3.8.5 SecuritiesSettlementTransactionStatusAcviceV03 (sese.024.001.03) 4.2.1 ISO 20022 Codes	Addition of "CANT" as a possible value for the ISO reason code in case of cancellation Addition of "CANT" as a possible code for the CancelledStatusReason13Code
Additional deliveries for Message Specification	SecuritiesSettlementTransactionStatusAcviceV03 (sese.024.001.03)	Unprune the reason code "CANT" in the T2S sese.024 usage guideline. Unprune the Corporate Action Event Identification (CorpActnEvtId) in the Transaction Details (TxDtls).
UHB	No impact	
External training materials		
Other documentations		
Links with other requests		
Links	Reference	Title

OVERVIEW OF THE IMPACT OF THE REQUEST ON THE **T2S** SYSTEM AND ON THE PROJECT
Summary of functional, development, infrastructure and migration impacts
Enhance the status management module of LCMM domain in order to transport the Corporate Action event identifier in the settlement instructions status advices (sese.024).   Whenever the corporate action event identified is filled in by the T2S Actors in the sese.023 messages, it will be returned back upon acceptance of the instruction, along with all subsequent status transition (matched, pending cancellation, cancellation requested, cancelled and pending)   In addition, the interface with A2A domain that conveys the sese.024 information needs to be updated to include the new field (Corporate Action event identification) and the new reason code for cancellation CANT.   The reason code will be included in the interface as an available code but it will not be fed in any scenario until the sese.020 messages is updated thru T2S CR-520 respectively the belonging ISO CR-0510.   Execute regression tests for the interface status updates.
Summary of project risk
No
Security analysis
No potentially adverse effect was identified during the security assessment.

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ECB-PUBLIC

30 June 2016

Cost assessment on Change Requests

T2S-496-SYS – Add "Corporate Action Event Identifier" and reason code "Cancellation due to transformation" in sese.024

One-off	Assessment cost* - Preliminary - Detailed	2,000.00 10,000.00	Euro Euro
One-off	Project phase costs	133,378.18	Euro
Annual	Running costs	10,785.47	Euro

*The relevant assessment costs will be charged regardless of whether the CR is implemented (Cf. T2S Framework Agreement, Schedule 7, par. 5.2.3).