General Information (Origin of Request)		
☐ User Requirements (URD)		
☒ Other User Functional or Technical Documentation (SYS)		

Request raised by: ECB	Institute: ECB	Date raised: 18/02/2016
Request title: T2S should identify static data-related transmissions for Central Bank auto-collateralisation and client-collateralisation separately for billing process		**Request ref. no:** T2S 0597 SYS
Request type: Common		**Urgency:** Normal
1. Legal/business importance parameter: Medium		**2. Market implementation efforts parameter:** Low
3. Operational/Technical risk parameter: Low		**4. Financial impact parameter:** Medium
Requestor Category: ECB		**Status:** Authorised at Steering Level

Reason for change and expected benefits/business motivation:

T2S Auto-collateralisation functionality is an automatic process which aims to facilitate smooth real-time DvP settlement in central bank money. It is a credit operation that is triggered when a buyer does not have sufficient funds to settle a securities transaction. To facilitate the auto-collateralisation functionality in T2S, the credit provider has to define certain static data. For each currency intended to be used for the auto-collateralisation feature, the credit provider needs to configure three categories of static data:

- Securities auto-collateralisation eligibility, i.e. the specification of which financial instruments are eligible as collateral against provision of credit in a given currency;
- Securities valuation, i.e. a daily price for each security that determines the amount of credit to be given for this security;
- Close links, i.e. the specification of securities that cannot be used as collateral by a party (having a close link with the issuer of the securities) in an auto-collateralisation process.

In principle, these maintenance activities of the above static data are performed in A2A or U2A. The transmissions via A2A used for these activities are billed by T2S the same way as the transmissions for any other static data change. However, as the Central Banks auto-collateralisation service is priced at zero to T2S customers,[1] a policy decision[2] was made not to charge NCBs for static data changes required to maintain this functionality.

Since the T2S billing module with feed from the Short Term Statistical Information (STSI) module cannot distinguish the transmissions for both NCB and client auto-collateralisation static data changes from the others; to implement this decision, currently a manual workaround process is followed. It includes that the billing data related to the upload of static data for CB auto-collateralisation is extracted by the T2S Operator for a specific time window in the settlement day. The T2S financials team in turn quantifies this data and prepares credit notes for all NCBs. The process is followed regularly in every monthly T2S invoicing cycle and will continue as long as the CB auto-collateralisation services are priced at zero. To facilitate the T2S operator in billing data extraction, the NCBs have agreed to conduct these static data changes for auto-collateralisation purposes within a specified time window on each settlement day, i.e. between 15:00 and 18:30 CET.

In the light of this manual process and to eliminate any potential for processing errors, the billing module therefore requires a more automated, safer and less costly setup to distinguish the relevant NCB operations within the T2S Invoicing process. Thus, also providing to the NCBs the flexibility for their operations and not limiting them to a specific time-window during the day. In substance, such change would not just simplify the billing process and reduce its administrative costs but would also have a business impact for the Central Banks as T2S stakeholders.

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Description of requested change:

Both the STSI and the T2S Billing module should be adapted to separately identify the A2A transmissions related to the activities performed for maintaining the static data for auto-collateralisation or client-collateralisation purposes (i.e. transmission services) from other static data changes.

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[1] Cf. T2S Framework Agreement, Schedule 7, 3 T2S price list.
[2] Cf. T2S progress report to the Governing Council of the ECB of May 2015.

These operations are billed under the T2S Service Items 0110, 0111, 0115, 0116 included in the category Information Services.[3] They should be distinguished by T2S so that the billing functionality can exclude them or include them according to the prevalent pricing policy by means of the respective price tag. Additional Service Items or, as an alternative, an additional flag (or screen) could be introduced to distinguish these operations in the STSI module to facilitate the T2S billing process.

The new functionality shall allow distinguishing both, the operations for maintaining the auto-collateralisation offered by CBs and the operations for maintaining the client-collateralisation offered by payment banks. This would allow accommodating future pricing policy changes for both services as they tend to be considered in parallel and distinctively. As the pricing of auto-collateralisation services in T2S is closely linked to the Eurosystem's policy on provision of auto-collateralisation services, the new functionality shall have the flexibility embedded to add or remove these operations to/from the T2S billing process.

Submitted annexes / related documents:

Proposed wording for the SYS Change request:

The new service items created will ensure that transmissions for static data changes needed for the setup of auto-coll will be kept separate from all other transmissions.

There will be a distinction of transactions for maintaining the auto-collateralisation offered by CBs and the operations for maintaining the client-collateralisation offered by payment banks

Overall eight new service items will be created. The transactions now to be charged with the new service items are currently part of transmissions and messages bundled into a file. (Service items 0110, 0111, 0115, 0116)

UDFS:
- 1.6.5.7.6 Billing data collection process
o   Tables 183 (Items charged to CSDs – Information Services Category) and 186 (Items charged to NCBs – Information Services Category) have each to include the new 8 service items

- 3.3.3.31 BillingReportV01
Update of Excel table for External codes included in section 3.3.3.31 BillingReportV01

High level description of Impact:
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Outcome/Decisions:
* CRG teleconference of 24 February 2016: The CRG decided to put the Change Request on hold and tentatively include the Change Request as candidate for Release 1.3.

* CRG meeting of 10 March 2016: The CRG decided to put the Change Request on hold.

* CRG teleconference of 24 March 2016: The CRG recommended the Change Request for detailed assessment.

* Advisory Group on 06 April 2016: In a written procedure from 31 March 2016 to 06 April 2016, the Advisory Group was in favour of launching the detailed assessment on the Change Request.

* CSD Steering Group on 07 April 2016: In a written procedure from 31 March 2016 to 07 April 2016, the CSD Steering Group was in favour of launching the detailed assessment on the Change Request.

* OMG on 8 April 2016: During a written procedure from 31 March 2016 to 8 April 2016, the Operations Managers Group did not identify any operational impact.

* CRG teleconference on 29 July 2016: The CRG recommended the approval of the Change Request and its inclusion in the T2S Release 1.3.

* OMG in a written procedure from 5 to 12 August 2016: The Operations Managers Group reconfirmed that the Change Request does not have any operational impact. The OMG was in favour of adding the Change Request to Release 1.3.

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[3] 0110: Transmission (inbound); 0111: Transmission (outbound); 0115: Messages bundled into a file (inbound); 0116: Messages bundled into a file (outbound).

* 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	x	Communication	
		Securities data management		Outbound processing	
		T2S Dedicated Cash account data management		Inbound processing	
		Securities account data management			
	x	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	
				Status management	
		Operational services		Instruction matching	
		Data Migration		Instructions maintenance	
		Scheduling		**Statistics, queries reports and archive**	
	x	Billing		Report management	
		Operational monitoring		Query management	
				x	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		
Impacted UDFS chapter	• UDFS v2.1 1.6.5.7.6 Billing data collection process - TABLE 183 - ITEMS CHARGED TO CSDS (INFORMATION SERVICES CATEGORY) TABLE 186 - ITEMS CHARGED TO NCBS (INFORMATION SERVICES CATEGORY) - 3.3.3.31 BillingReportV01 (camt.077.001.01))	
Additional deliveries for Message Specification	Update Excel List for External Codes for camt.077	
UHB		
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   5
Eight new service items must be defined in order to identify the proper pricing for operations related to the configuration of auto-collateralisation. The billing calculation must be amended in order to properly categorize the relevant operations. Related billing scenarios must be tested. LTSI must be amended in order to consider the new service items, and the correct new description for the service items previously used.
Summary of project risk
No
Security analysis
No potentially adverse effect was identified during the security assessment.

DG - MARKET INFRASTRUCTURE & PAYMENTS   **ECB-PUBLIC**
MARKET INFRASTRUCTURE MANAGEMENT

21 July 2016

Cost assessment on Change Requests

T2S-597-SYS – T2S should identify static data-related transmissions for Central Bank auto-collateralisation and client-collateralisation separately for billing process			
One-off	Assessment cost* - Preliminary - Detailed	2,000.00 10,000.00	Euro Euro
One-off	Project phase costs	94,919.65	Euro
Annual	Operational costs	7,667.60	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).