EUROPEAN CENTRAL BANK
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EUROSYSTEM

T2S CHANGE REQUEST FORM

General Information (Origin of Request)
☐ User Requirements (URD) or GUI Business Functionality Document (BFD)
☒ Other User Functional or Technical Documentation (SYS)

Request raised by: Euroclear Finland	Institute: CSD	Date raised: 17/12/2021
Request title: Allowing Security Intraday Restriction maintenance on or after Maturity Date		Request No.: T2S 0781 SYS
Request type: Common	Classification: Scope enhancement	Urgency: Fast-track
1. Legal/business importance parameter[1]: High		2. Market implementation efforts parameter[2]: Low
3. Operational/Technical risk parameter[3]: Low		4. Financial impact parameter[4]: Low
Requestor Category: CSD		Status: Implemented

Reason for change and expected benefits/business motivation:

T2S allows to configure intraday restrictions on several reference data objects, including Securities, to apply and lift blocking statuses. For the cases including Securities, these restrictions are described as "Case 2 Restrictions" in the T2S UDFS.

Euroclear Finland plans to use Case 2 Securities Restrictions in the context of Corporate Action (CA) processing in order to control CA instruction settlement. This would allow to settle proceeds on a CSD Entitlement account as a prerequisite for the settlement of CA instructions, which would then settle only following the removal of the Case 2 Restriction.

However, T2S prevents the removal of Case 2 restriction along with most other changes to Securities as from when the Maturity Date is reached. In order to allow this procedure, the T2S reference data management validations require a change. This change could benefit/simplify settlement procedures for Corporate Actions processing for all T2S CSDs.

Description of requested change:

Business rule DSU1003 will be modified in order to allow the setup and modification of intraday Security Restrictions also on and after the business date corresponding to the Security's maturity date.

This change will have effect in general, i.e. it will also apply to CA settlement handled through the procedure defined in CR 762, under the assumption that this CR is implemented in advance of 762.

Submitted annexes / related documents:

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[1] Legal/business importance parameter was set to High, because the CR would allow to use intraday security restrictions to comply with SCoRE standard (#8) for simultaneous settlement in corporate action processes.
[2] Market implementation effort parameter was set to Low because T2S actors does not restrict existing functionalities, and the functionality introduced is not mandatory
[3] Operational/technical risk parameter was set to Low because Intraday restriction maintenance is an existing, commonly used functionality in T2S. The current BR preventing its use on or after maturity date is understood <u>not</u> to be a risk mitigation measure.
[4] Low < 100kEUR < Low-Medium < 200 kEUR < Medium < 400kEUR < High < 700kEUR < Very high

Outcome/Decisions:

*CRG on 17 January 2022: the CRG agreed to recommend CR-781 for authorisation by the T2S Steering Level, following a fast-track approach

*AMI-SeCo on 26 January 2022: the AMI-SeCo agreed with the CRG recommendation of CR-781 for T2S Steering Level Authorisation

*CSG on 27 January 2022: the CSG agreed to authorise CR-781

*NECSG on 27 January 2022: the NECSG agreed to authorise CR-781

*MIB on 03 February 2022: the MIB agreed to authorise CR-781.

*PMG on 31 January 2022: the PMG agreed to launch the detailed assessment of CR-781 with a view of scoping in Release 6.2

*CRG on 25 April 2022: the CRG agreed to recommend to the PMG the inclusion of CR-781 in the scope of Release R2023.JUN

*OMG on 10 May 2022: the OMG did not identify an operational impact from the inclusion of CR-781 in R2023.JUN

*PMG on 10 May 2022: the PMG agreed to recommend the inclusion of CR-781 in the scope of R2023.JUN

*MIB on 18 May 2022: the MIB approved the inclusion of CR-781 in the scope of R2023.JUN

*CSG on 19 May 2022: the CSG approved the inclusion of CR-781 in the scope of R2023.JUN

*NECSG on 19 May 2022: the NECSG approved the inclusion of CR-781 in the scope of R2023.JUN

Documentation to be updated:

T2S UDFS v6.2

Section 4.1 Index of Business Rules and Error Codes

DSU1003	When performing a Securities update request, unless it is purely a request to shift the maturity date to the future <u>or to configure Case 2 Intraday Restrictions on Securities</u>, it must refer to an existing and active Securities with a maturity date that is greater than the current business date.	reda.007	reda.029		REJT	Unknown Securities

T2S UHB v6.2

Section 6.4.2.178 Security – New/Edit Screen (References for Error Messages)

Reference for error message	Field or Button	Error Text	Description
DSU1003	- Maturity Date field - Submit button	Unknown Securities	When performing a Securities update request, unless it is purely a request to shift the maturity date to the future <u>or to configure Case 2 Intraday Restrictions on Securities</u>, it must refer to an existing and active Securities with a maturity date that is greater than the current business date.

Preliminary assessment:

n/a

Detailed assessment:

EUROSYSTEM ANALYSIS – GENERAL INFORMATION	

T2S Specific Components	Common Components
LCMM	
Instructions validation	
Status management	
Instruction matching	
Instructions maintenance	
Penalty Mechanism	
Settlement	
Standardisation and preparation to settlement	
Night-time Settlement	
Daytime Recycling and optimisation	
Daytime Validation, provisioning & booking	
Auto-collateralisation	
Liquidity Management	
Outbound Information Management	
NCB Business Procedures	
Liquidity Operations	
T2S Interface *(as of June 2022 without Static Data*	**Eurosystem Single Market Infrastructure Gateway**

Management, Communication for SDMG, Scheduler, Billing)		*(from R6.0 June 2022)*	
	Communication		Communication
	Outbound Processing		Outbound Processing
	Inbound Processing		Inbound Processing
Static Data Management *(until June 2022)*		**Common Reference Data Management** *(from R6.0 June 2022)*	
	Party data management		Party data management
	Securities data management	X	Securities data management
	Cash account data management		Cash account data management
	Securities account data management		Securities account data management
	Rules and parameters data management		Rules and parameters data management
Statistics and archive		**Statistics and archive**	
	Statistical information (until June 2022)		Short term statistical information
	Legal archiving (until June 2022)		Legal archiving (from R6.0)
			Data Warehouse (from R6.0)
Information *(until June 2022 containing reference data)*		**CRDM business interface** *(from R6.0 June 2022)*	
	Report management		Report management
	Query management		Query management
			Communication
			Outbound Processing
			Inbound Processing
Operational Services			
	Data Migration (T2S DMT)		Data Migration (CRDM DMT, from R6.0)
	Scheduling (until June 2022)		Business Day Management (from R6.0)
			Business Day Management business interface (from R6.0)
	Billing (until June 2022)		Billing (from R6.0)
			Billing business interface (from R6.0)
	Operational Monitoring		Operational and Business Monitoring
	MOP Contingency Templates		

Impact on major documentation		
Document	**Chapter**	**Change**
Impacted GFS chapter		
Impacted UDFS chapter	4.1 Index of Business Rules and Error Codes	Amendment of Business rule DSU1003
Additional deliveries for Message Specification (UDFS, MyStandards, MOP contingency templates)		
UHB	6.4.2.178 Security – New/Edit Screen (References for Error Messages)	Amendment of Business rule DSU1003
Impacted GDPR message/ screen fields		No impact

External training materials		5		
Links with other requests				
Links	Reference		Title	

Summary of functional, development, infrastructure and migration impacts

The aim of the Change Request is to amend the business rule DSU1003 in order to allow the setup and modification of intraday Security Restrictions also on and after the business date corresponding to the Security's maturity date.

Main cost drivers:

- Tests cases at maturity date and after maturity date, IR with immediate or differed effect
- IR non regression tests and ACO templates regression tests
- Amendment of business rule DSU1003 and related processing. Test activities for the new test case and no regression tests

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Impact on other TARGET Services and projects

No impact on Target2, ECMS, TIPS or CSLD

Summary of project risk

n/a

Security analysis

No adverse impact has been identified during security assessment.

target | T2S

11 April 2022

Cost assessment on Change Requests

T2S-781-SYS – Allowing Security Intraday Restriction maintenance on or after Maturity Date			
One-off	Assessment costs* - Preliminary - Detailed	 2,000.00 10,000.00	 Euro Euro
One-off	Development costs	79,837.75	Euro
Annual	Operational costs - Maintenance costs - Running costs	 6,717.44 0.00	 Euro 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).