EUROPEAN CENTRAL BANK

EUROSYSTEM

ECB
DG-MIP
T2/T2S Consolidation Project Team

T2-T2S Consolidation

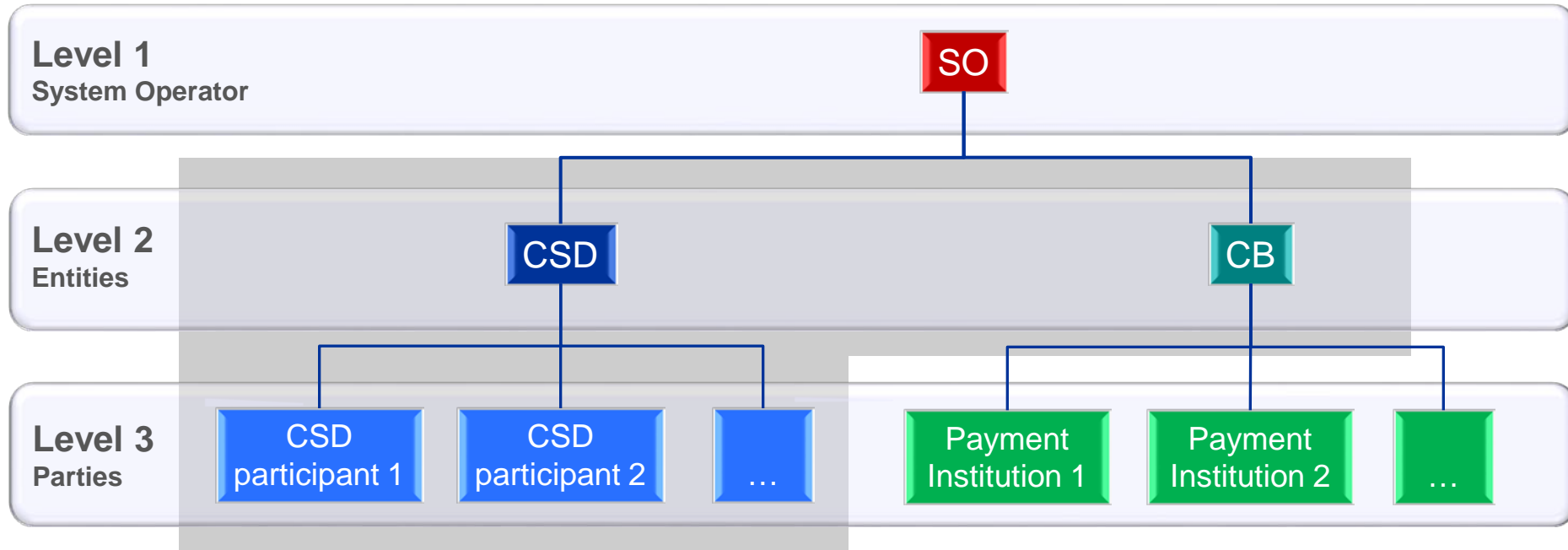## Reference Data Management

Task Force on Future RTGS Services

1st meeting on 07 December 2016

High level requirements

- The Reference Data Management domain of the new consolidated platform aims to provide system users with <u>an integrated and consistent set of common information</u> for the system to perform its functions:
  - Parties
  - Cash accounts
  - Securities accounts
  - Securities
  - Calendars, countries, currencies
  - Users, roles and privileges

- It has to be the single access point for the creation, update and deletion of reference data

- System users will have different roles and privileges assigned and, as a consequence, will be allowed to consult and change different pieces of information
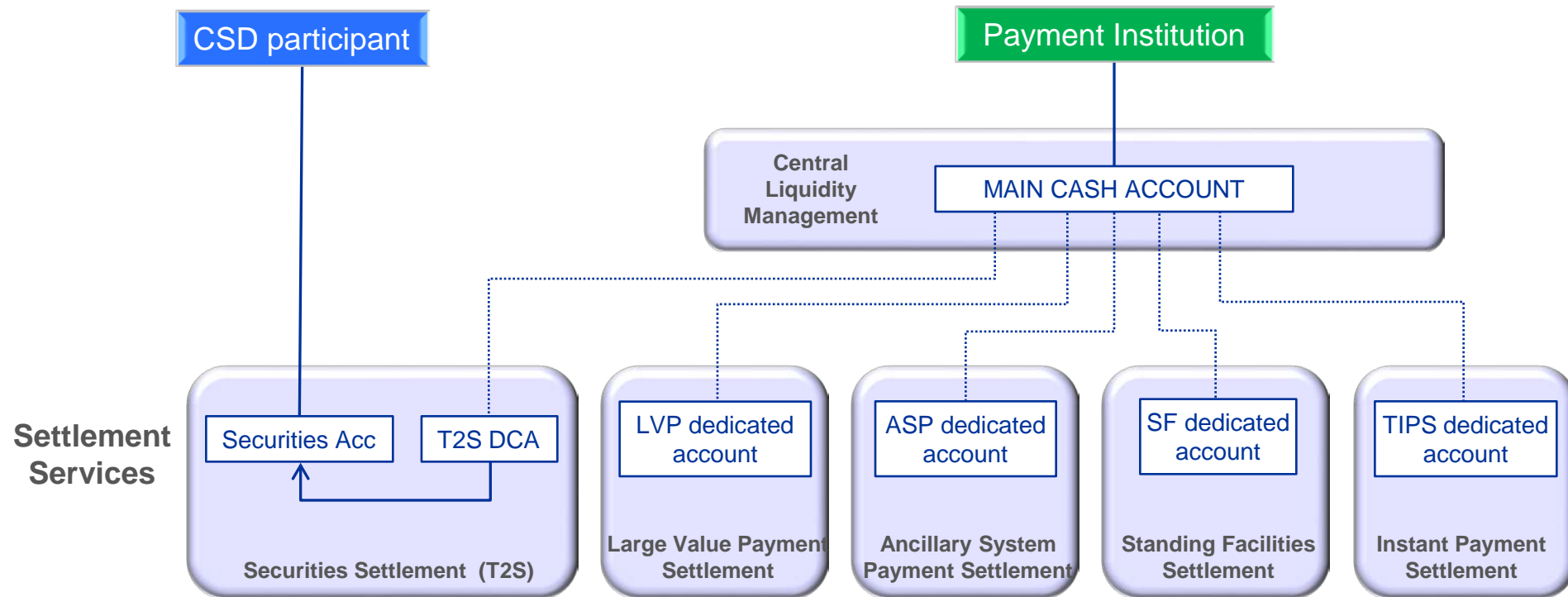
Hierarchical Party Model

- Hierarchical Party Model shall converge to the following target:

- – T2S hierarchical party model levels 2 and 3 do not change (grey area)
- – Party types:
  - **CSD participants** can be: Banks, external CSDs, CCPs
  - **Payment Institutions** can be: Credit institutions, Investments firms, ancillary systems such as CCPs, ACH , RPS, LVPS… …

Accounts structure

CSD participant

Payment Institution

Central Liquidity Management

MAIN CASH ACCOUNT

Settlement Services

Securities Acc   T2S DCA

LVP dedicated account

ASP dedicated account

SF dedicated account

TIPS dedicated account

Securities Settlement (T2S)

Large Value Payment Settlement

Ancillary System Payment Settlement

Standing Facilities Settlement

Instant Payment Settlement

- Open questions:
  - Dedicated liquidity per Ancillary System?

Accounts structure

```
┌─────────────────┐        (1)              (n) ┌─────────────────┐
│   Main Cash     │─────────────────────────────│   Dedicated     │
│    Account      │       Is reported through    │    Accounts     │
└─────────────────┘                              └─────────────────┘
        (0-1)                                              (n)

   Is owned by              ┌─────────────────┐      Is owned by
                            │    Payment      │
                            │  Institutions   │
                      (1)   └─────────────────┘   (1)
```
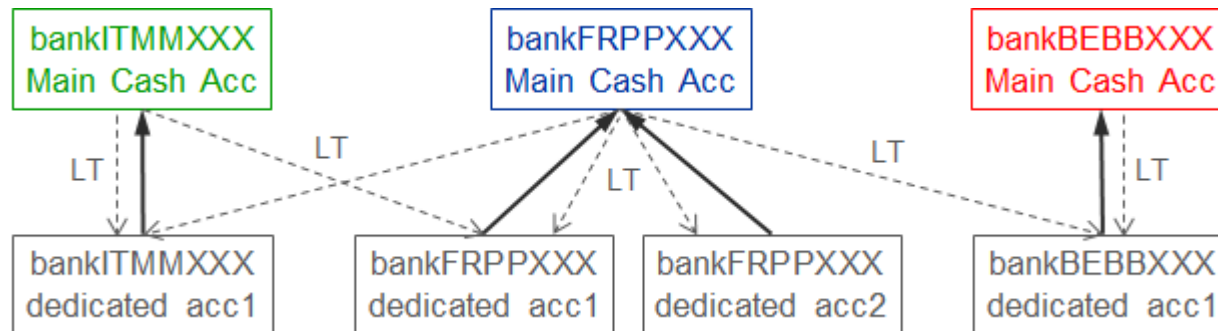
- Assumptions

  – The model foresees cash accounts dedicated to a settlement service

  – Each cash account should be identified into the system by an account number and should have an account owner identified by its BIC

  – A dedicated account is to be linked to only one main cash account (*is reported through*)

  – A dedicated account and the linked main cash account can be owned by different parties (*is owned by*)
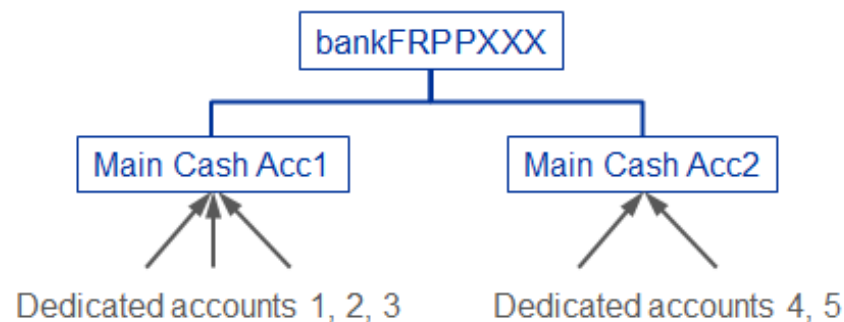
Accounts structure

- Open questions

  - Should the dedicated accounts be allowed to receive liquidity from one or several main cash accounts?

  - Should a party be able to own more than one main cash account?

6

Management of Reference Data

- Reference Data Management objectives
  - Consistent and optimal structuring of data
  - Avoidance of data redundancy (single source of data)
  - Reference data updates will be applied in a coordinated way to all settlement services

- Reference Data logical structuring
  - Common reference data: used by different settlement services
  - Service-related data: exclusively relevant for a dedicated settlement service

	Common reference data	Service-related data TARGET2	Service-related data T2S	Service-related data TIPS (ECMS?)
BICs, calendars, currencies	X			
System entities	X			
Parties	X	Parties specific attributes (and business rules)	Parties specific attributes (and business rules) **e.g.** payment banks attributes in T2S	Parties specific attributes (and business rules)
Cash accounts	X	DCAs specific attributes (and business rules)	DCAs specific attributes (and business rules)	DCAs specific attributes (and business rules)
Securities accounts			X	
Securities			X	?
Users, Roles, Privileges	X			
Access Rights		X	X	X

Management of Reference Data

- Reference Data updates

  - Effectiveness of updates
    - Real-time updates?
    - Possibility to specify an activation date (immediate or future change)
    - Consistency checks and defined procedures for handling exceptions (e.g. procedure to empty a cash account before closing it)

  - Reference data maintenance requests
    - Business processes to be specified
      - Creation of a reference data item
      - Amendment of a reference data item
      - Deletion of a reference data item
      - 4-eyes validation (common process also applicable to other data in U2A mode)

  - Coordinated updates into the different settlement services