General Information (Origin of Request)		
☒ User Requirements (URD)		
☐ Other User Functional or Technical Documentation (SYS)		
Request raised by: T2S CASG	**Institute:** ECB	**Date raised:** 13/04/2015
Request title: Allow instructions from CSD participants for n days after maturity date of security		**Request ref. no:** T2S 0515 URD
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:** High	
Requestor Category: T2S Sub-group	**Status:** Authorised at steering level	

Reason for change and expected benefits/business motivation:

According to one of the requirement of the T2S and CAJWG corporate actions standards the period for transformation detection is 20 T2S opening days from the maturity date of an ISIN[1]:

T2S Corporate actions standards – Transformations

Topic	T2S CA standard on Transformations 2	Explanatory Comment
When will the transformation take place in T2S?	The transformation process shall take place by end of record date or market deadline and during the rest of the transformation detection period (i.e. **20 T2S opening days after the record date/market deadline**).	At the end of record date, transformed settlement instructions should be sent to T2S between the T2S end of day time settlement activity (indicative T2S time at 18:00 CET) and Sequence 4 of the first night-time settlement cycle, in which all instructions on CA on flows are attempted for settlement for the first time. During the rest of the transformation detection period, transformed instructions should be sent to T2S as soon as possible after they are matched and without undue delay. The transformation detection process should be performed at least once per day.

However, currently only CSDs (i.e. Issuer CSD, technical issuer CSD and investor CSDs) are allowed to send settlement instructions to T2S on or after the maturity date of a security as recorded in T2S static data. Therefore, it will not be possible with the current T2S functionality for CSD participants (including CCPs) to send settlement instructions to T2S during the 20 day transformation detection period after the maturity date of a security[2].

What should be possible with the T2S functionality in order to comply with the above requirement of the T2S CA standards is:

1) During the 20 day period the instructions sent by CSD participants should be allowed in T2S, able to be matched but should not settle except for CCP PFOD instructions settling 0 (zero) quantity of the old ISIN against cash. Exception for CCP instructions is needed because as part of the transformations process CCPs will, in certain cases, need to send PFODs on the old ISIN which need to settle during the transformations period. This would also be required when a CSD sends instructions for their indirectly-connected participants (ICP) with the ICP as instructing party. CCPs shall be identified in T2S via their BIC, using a new table of applicable BICs to be maintained by the T2S Operator.

2) At the end of this period of 20 days after the maturity date of an ISIN, all the remaining instructions in the old ISIN from CSD participants should be rejected.

3) In order to secure that the ISIN is available for transformation in T2S, it should not be possible to delete a security within 20 days after maturity.

4) To enable easy change in the future of the transformation detection period, the CASG proposes instead of fixing the period to 20 days, to introduce a global parameter in T2S for the length of the transformations detection period, which could be set up and amended by the T2S Operator. This parameter should be set initially to 20 days.

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[1] See the complete set f T2S Transformations standards here
http://www.ecb.europa.eu/paym/t2s/progress/pdf/subcorpact/transformation_standards.pdf
[2] See also the clarification note of the CASG on managing transformations here:
http://www.ecb.europa.eu/paym/t2s/progress/pdf/subcorpact/mtg34/2014-06-27_clarification_note.pdf

During the CRG discussions on Change Request T2S-0471-SYS (Deferred processing of maturity/expiry date update in T2S), the CRG acknowledged the need for such a long term solution to be implemented for Release 2 of T2S. With the implementation of Change Request T2S-515-SYS, the processing of maturity/expiry date updates shall be changed again from deferred to immediate, as deferred processing is not required any longer and causes inefficiencies in the securities static data processing.

Description of requested change:

The CASG requires that the T2S functionality is changed in a way to allow instructions in T2S from CSD participants for n days after the maturity date of an ISIN. During this period the instructions sent by CSD participants should be validated and allowed to match but not settle, with the exception of CCP PFOD instructions which should be allowed to settle. CCPs shall be identified in T2S via their BIC, i.e. a new table of applicable BICs to be maintained by the T2S Operator will be required in the T2S Static Data, similar to the table of BICs (parties) qualified for Top Priority.

T2S shall report matched settlement instructions in a matured ISIN with Settlement Status 'Pending' and a dedicated reason code or description text which clearly indicates that the settlement failure is due to a matured ISIN.[3]

After the end of this period of n days after the maturity date of an ISIN, all instructions from CSD participants, irrespective of their matching status, should be cancelled by T2S.

In addition, it is requested to decommission the deferred processing of maturity/expiry date updates which was introduced with Change Request T2S-0471-SYS. Updates of the maturity/expiry date shall be processed by T2S in the same way as any other update of a security in T2S.

It is left to the CRG to propose and agree on the most appropriate specific change to the T2S functionality, which will be needed to enable the T2S Community to fully comply with the requirements of this standard.

Furthermore, T2S should only allow a securities deletion request after n days after the maturity date of the ISIN.

Submitted annexes / related documents:

Proposed wording for the URD Change request:

The following user requirements shall be updated in the URD (changes in bold font):

ISIN check

Reference ID	T2S.05.080

T2S shall check that the ISIN exists and that it is eligible for settlement in the corresponding CSD on the intended settlement date. Nevertheless, T2S shall allow

- CSDs to send instructions for non-settlement eligible ISIN(s) as long as they are still active (not logically deleted)
- Other T2S Actors (non-CSD) to send instructions for non-settlement eligible ISIN(s) for 20 business days after the maturity date of the ISIN was reached.

Non-eligible instructions for settlement

Reference ID	T2S.05.625

T2S shall regard the following instructions as being ineligible for settlement:

1. Instructions before their intended settlement date.
2. Instruction received by the settlement eligibility process after its cut-off time
3. Instructions on hold.
4. Instructions linked to a missing instruction (if it is required for further processing according to the type of link).
5. Instructions submitted by non-CSD Actors in an already matured ISIN, except for payment-free-of-delivery instructions instructed by CCPs which shall be eligible for settlement also during the transformation detection period (20 business days after the maturity date).

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[3] If Change Request T2S-0609-SYS (T2S must be able to report 'PENF' settlement status for settlement instructions for which settlement at the Intended Settlement Date (ISD) is no longer possible) will be implemented in a future T2S Release, a matched instruction in a matured ISIN shall be reported as 'Failing' after the Intended Settlement Date.

T2S shall consider the last ~~three~~ <u>four</u> groups of instructions at the end of the intended settlement date as having failed.

The following **UDFS v2.3** sections should be modified:

A) Section 1.6.1.1.3 Validation process, UDFS pages 283-285

ISIN Code Validation: T2S verifies the following:

(…)

- When the Instructing Party is not the Investor CSD, the Technical Issuer CSD or the issuer CSD of the ISIN Code specified in a ~~Settlement Instruction or~~ Settlement Restriction on securities, the Intended Settlement Date should be earlier than the Maturity date of the Security~~, as example below:~~.
- <u>When the Instructing Party is not the Investor CSD, the Technical Issuer CSD or the Issuer CSD of the ISIN Code specified in a Settlement Instruction, the Intended Settlement Date should be earlier than the Maturity date of the Security plus the transformation detection period, as example below:</u>

<u>ISIN Code Check for The Maturity date:</u>

EXAMPLE 90 – ISIN CODE VALIDATION, ISD CHECK (page 284 UDFS v2.3)

|	**INSTRUCTING PARTY**	**INTENDED SETTLEMENT DATE**	**ISIN CODE**	**MATURITY DATE**	**TRANSFORMATION DETECTION PERIOD (TDP)**	**RULE**	**RESULT**
Settlement Instruction 4	Party A	11/11/2016	DE000A0HCJH6	14/10/2016	20 T2S opening days	ISD<MD + TDP	Intended Settlement date = Maturity Date + TDP ✗
Settlement Instruction 5	Tec Issuer CSD	11/11/2016	DE000A0HCJH6	14/10/2016	20 T2S opening days	ISD$\geq$or<MD + TDP	Intended Settlement date = Maturity Date + TDP ✓
Settlement Instruction 6	Party B	9/12/2015	RU0000109004	12/11/2015	20 T2S opening days	ISD<MD + TDP	Intended Settlement date < Maturity Date + TDP ✓

  ▭ Data included in the Settlement Instruction

  ▭ Data stored in Static Data

(…)

| When the Instruction Party is not the Investor CSD, the Technical Issuer CSD or the Issuer CSD of the ISIN Code specified ~~in the Settlement Instruction or~~ in the Settlement Restriction on securities, the current Business Day should be earlier than the Maturity date of the security~~, as example below:~~.

| <u>When the Instruction Party is not the Investor CSD, the Technical Issuer CSD or the Issuer CSD of the ISIN Code specified in the Settlement Instruction, the current Business Day should be earlier than the Maturity date of the security plus the transformation detection period, as example below:</u>

EXAMPLE 91 – ISIN CODE VALIDATION RESPECT CURRENT BUSINESS DAY (page 285 UDFS v2.3)

	INSTRUCTING PARTY	ISIN CODE	MATURITY DATE	TRANSFORMATION DETECTION PERIOD (TDP)	RULE	RESULT	
Settlement Instruction 7	Party C	XR000A0HCJH5	29/12/2016	20 T2S opening days	CBD<MD + TDP	Current Business day < Maturity Date + TDP	✔
Settlement Instruction 8	Party D	GR0000109004	12/11/2016	20 T2S opening days	CBD<MD + TDP	Curret Business day ≥ Maturity Date + TDP	✘
Settlement Instruction 9	Tec Issuer CSD	DM0000109004	20/12/2015	20 T2S opening days	CBD<or≥MD + TDP	Current Business day ≥ Maturity Date + TDP	✔

☐ Data included in the Settlement Instruction

☐ Data stored in Static Data

B)   Section 1.2.2.2 Concept of securities in T2S, UDFS page 73

Footnote number 41 needs to be updated to state the following:

~~T2S accepts settlement instructions and settlement restrictions from any Instructing Party when the current business date is before the issue date provided that the intended settlement date is equal to or later than the issue date. Only issuers CSDs and technical issuers CSDs are allowed to instruct with intended settlement date before the issue date. Investors CSD, Technical Issuers CSD and Issuer CSDs when acting as instructing Party, are the only T2S Actors that can send instructions with current business date and Intended Settlement Date on or after the Maturity date of the ISIN code. In any case, T2S accepts settlement instructions and settlement restrictions if the current business date is before, equal to or later than the Issue date and before the maturity date of the ISIN code specified in the settlement instruction.~~

T2S accepts settlement instructions and settlement restrictions from any Instructing Party when the current business date is before the issue date provided that the intended settlement date is equal to or later than the issue date. Only issuers CSDs and technical issuers CSDs are allowed to instruct with intended settlement date before the issue date. In any case, T2S accepts settlement instructions and settlement restrictions when the current business date and the intended settlement date are before the maturity date of the ISIN. In addition, T2S accepts settlement instructions when the current business date and the intended settlement date are before the maturity date of the ISIN code plus the transformation detection period. Investors CSD, Technical Issuers CSD and Issuer CSDs, when acting as instructing Party, are the only T2S Actors that can send settlement instructions with current business date and/or intended settlement date on or after the maturity date of the ISIN code plus the transformation detection period.

C)   Section 1.6.3.3.3 Validity of Static Data objects, page 647

Table 152 to be updated as follows:

AREA	OBJECT	CREATION	UPDATE	DELETION	USAGE BY OTHER PROCESSES
...	...	...	...	...	...
Securities	Securities	Validity date may take the value of the current date.	May take effect on the current date. Maturity date may take the value of the next business date at the earliest.	May be performed only on objects that are not valid on the current date. A matured Security can only be deleted if the transformation detection period following the maturity date has passed.	Taken into account by all processes upon creation or update.

D)   Section 3.3.6.2.2 (reda.007.001.01) The T2S-specific schema, page 1289

Business rule DSU1703 to be removed.

MESSAGE ITEM	DATA TYPE/CODE	BUSINESS RULES
...	...	...
ExpiryDate Docu-ment/SctyMntncReq/UpdTp/UpdTp/Modfy/FinInstrmAttrbts/XpryDt ...	ISODate ...	DSU1025 DSU1026 ~~DSU1703~~ ...

E)   Section 4.1 Index of Business Rules and Error Codes, UDFS pages 1641, 1649, 1837, 1838 and 1839:

BR NAME	DESCRIPTION	INBOUND MESSAGE	REPLY MESSAGE	CODE USE	REASON CODE	ERROR TEXT
...	...	...	...	...	...	...
DSD1003	When performing a Securities delete request, it must refer to an existing and active instance of Securities that is past the <u>transformation detection period (i.e. the</u> maturity date <u>plus the number of business days set for the transformation detection period in T2S)</u> or has not yet reached its issue date.	reda.013	reda.030		REJT	Unknown or Invalid Securities
...	...	...	...	...	...	...
~~DSU1703~~	~~When performing a Security Update request, if the request contains updates to the Final Maturity Expiry Date, and it is submitted outside of the End of Day period, the request is queued and executed at the start of the End of Day period.~~	~~reda.007~~	~~reda.029~~		~~QUED~~	~~Securities update has been queued and will be executed during the End of Day period.~~
...	...	...	...	...	...	...
MVIC311	When the Instructing Party is not the investor CSD, the technical issuer CSD or the issuer CSD of the ISIN Code specified in a Settlement Instruction, the Intended Settlement Date of a Settlement Instruction must be earlier than the Maturity Date of the Security <u>plus the transformation detection period</u>.	head.001	sese.024	<Canc>	CANS	The Maturity Date of the Security <u>plus the transformation detection period </u>is earlier or equal than the Intended Settlement Date of the Settlement Instruction.
MVIC311	When the Instructing Party is not the investor CSD, the technical Issuer CSD or the Issuer CSD of the ISIN Code specified in a Settlement Instruction, the Intended Settlement Date of a Settlement Instruction must be earlier than the Maturity Date of the Security <u>plus the transformation detection period</u>.	head.001	sese.024	<Rjctd>	DDAT	The Maturity Date of the Security <u>plus the transformation detection period </u>is earlier or equal than the Intended Settlement Date of the Settlement Instruction.
MVIC311	When the Instructing Party is not the investor CSD, the technical Issuer CSD or the Issuer CSD of the ISIN Code specified in a Settlement Instruction, the Intended Settlement Date of a Settlement Instruction must be earlier than the Maturity Date of the Security <u>plus the transformation detection period</u>.	sese.023	sese.024	<Canc>	CANS	The Maturity Date of the Security <u>plus the transformation detection period </u>is earlier or equal than the Intended Settlement Date of the Settlement Instruction.
MVIC311	When the Instructing Party is not the investor CSD, the technical Issuer CSD or the Issuer CSD of the ISIN Code specified in a Settlement Instruction, the Intended Settlement Date of a Settlement Instruction must be earlier than the Maturity Date of the Security <u>plus the transformation detection period</u>.	sese.023	sese.024	<Rjctd>	DDAT	The Maturity Date of the Security <u>plus the transformation detection period </u>is earlier or equal than the Intended Settlement Date of the Settlement Instruction.
...	...	...	...	...	...	...
MVIC313	When the Instructing Party is not the investor CSD, the technical Issuer CSD or the Issuer CSD of the ISIN Code specified in a Settlement Instruction, the Current Business Date must be earlier than the Maturity date of the ISIN code<u> plus the transformation detection period</u>.	sese.023	sese.024	<Rjctd>	DDAT	The Maturity Date of the Security <u>plus the transformation detection period </u>is earlier or equal than the Current Business date.

MVIC313	When the Instructing Party is not the investor CSD, the technical Issuer CSD or the Issuer CSD of the ISIN Code specified in a Settlement Instruction, the Current Business Date must be earlier than the Maturity date of the ISIN code plus the transformation detection period.	sese.023	sese.024	<Canc>	CANS	The Maturity Date of the Security plus the transformation detection period is earlier or equal than the Current Business date.
…						
SPST030	When the Maturity Date of the Security involved in an instruction is passed, the Instructing Party must be a CSD or the instruction must be a PFOD and the Instructing Party must be a CCP.	n/a	sese.024	<Pdg>	OTHR	Settlement Instruction is not settled because the Maturity Date of the Security involved is passed, and the instruction is neither instructed by a CSD nor a PFOD instructed by a CCP.
SPST031	When the Maturity Date of the Security involved in an instruction is passed, the Instructing Party of its counterpart instruction must be a CSD or the instruction must be a PFOD and the Instructing Party of its counterpart instruction must be a CCP.	n/a	sese.024	<Pdg>	OTHR	Settlement Instruction is not settled because the Maturity Date of the Security involved is passed, and the counterpart instruction is neither instructed by a CSD nor a PFOD instructed by a CCP.
SPST032	A settlement Instruction or a settlement restriction cannot be submitted to a settlement attempt if it states a link WITH or AFTER an instruction or a restriction that is not eligible for settlement.	n/a	sese.024	<Pdg>	LINK	Settlement Instruction or settlement restriction is unsettled because it states a link WITH or AFTER an instruction or a restriction that is not eligible for settlement.
SPST032	A settlement Instruction or a settlement restriction cannot be submitted to a settlement attempt if it states a link WITH or AFTER an instruction or a restriction that is not eligible for settlement.	n/a	semt.014	<Pdg>	LINK	Settlement Instruction or settlement restriction is unsettled because it states a link WITH or AFTER an instruction or a restriction that is not eligible for settlement.
SPST032	A settlement Instruction or a settlement restriction cannot be submitted to a settlement attempt if it states a link WITH or AFTER an instruction or a restriction that is not eligible for settlement.	n/a	camt.067	<Pdg>	LINK	Settlement Instruction or settlement restriction is unsettled because it states a link WITH or AFTER an instruction or a restriction that is not eligible for settlement.

F) C- Section 1.6.1.8.3 Eligibility check process, page 348

This process checks at the Intended Settlement Date if the settlement of all matched Settlement Instructions, Settlement Restrictions and Liquidity Transfers submitted in an all or none basis is allowed considering all the following eligibility conditions:

CONDITIONS	RULES
No hold process in progress	All hold indicators of the submitted Settlement Instruction are set to "No" (See section Hold and Release [☐ 333]).
No applicable cut-off reached	The Settlement Instruction, Settlement Restriction or Liquidity Transfer is not subject to an applicable cut-off (See section Settlement Day [☐ 220]).
No applicable intraday restriction related to the security, the securities account, the T2S dedicated cash account, the External RTGS account or the parties	The security, securities accounts, T2S dedicated cash accounts, External RTGS accounts or parties involved in the processed Settlement Restriction, Settlement Instructions or Liquidity Transfers are not under intraday restriction, i.e.: **l** No intraday restriction is set on these objects by the involved CSDs and CB, or;

	I An intraday restriction is set on one of these objects but the criteria, de-fined in the associated rules do not match with the processed Settlement Instructions, Settlement Restrictions or Liquidity Transfer (e.g. list of ISO transaction code for an intraday restriction on security). (See section Restriction types [□ the section below "Identification of an applicable intraday restriction" for the check of an intra-day restriction).
An authorised settlement instruction for securities within the transformation detection period	The settlement instruction is relating to securities within the transformation detection period (defined as a period of 20 T2S opening days past the security's maturity date, during which PFOD instructions instructed by CCP, as well as instructions instructed by a CSD are considered eligible for settlement). To be considered eligible for settlement within this period, the settlement instruction must be either: - instructed by a CSD or - an instruction with an instruction type PFOD instructed by a CCP authorised as per the 'CCP Transformation Exceptions' table

…
If all eligibility criteria are fulfilled, the Settlement Instructions, Settlement Restrictions and Liquidity Transfers are then submitted to the provision check process.

Identification of settlement instructions subject to transformations eligible for settlement during the transformation detection period:
CCP PFOD settlement instructions authorised for settlement will be identified by T2S utilising configurations made in the attribute domain by the T2S Operator. The following table is a representation of the attribute domain configuration used by the eligibility check to confirm that:
- The settlement instruction is of instruction type PFOD;
- The instructing party is an authorised CCP.

Any settlement instruction beyond the transformation detection period will be rejected by the validation process (See Validation process [□ 277])..

Settlement instructions instructed by CSDs are not subject affected by to this the transformation period detection period and are considered eligible for settlement regardless of the maturity date of the securities (See Validation process [□ 277]).

Table x – CCP Transformation Exceptions

DESCRIPTION	PARAMETER TYPE	PARAMETER VALUE
CCP transformation detection period exceptions	Detection period (# of business days)	20
	Instruction type	PFOD
	Party BIC	BICXAADDXXX BICXAAEEXXX …

Identification of an applicable intraday restriction   8

G)   Section 3.3.8.5.3 The message in business context, page 1527

<u>Message usage: Eligibility Failure</u>

<u>Specific message requirements</u>

MESSAGE ITEM	DATA TYPE/ CODE	UTILISATION
Code Document/SctiesSttlmTxStsAdvc/SttlmSts/Pdg/ Rsn/Cd/Cd	PendingReason2Code	ISO reason code for the eligibility failure. The only possible values are: ❙ LATE ❙ LINK ❙ INBC ❙ PRCY ❙ PREA ❙ PRSY ❙ CSDH ❙ CVAL ❙ <u>OTHR</u>

The following **UHB v2.3** sections should be modified:

A)   Section 2.5.2.7 Security – New/Edit Screen, page 676 and 686

Business rule DSU1703 to be removed.

Maturity Date	**Enter the maturity or expiry date of the security or use the *calendar* icon.**
	Required format is: YYYY-MM-DD
	References for error messages:
	   DSC1025
	   DSC1028
	   DSU1003
	   DSU1025
	   DSU1026
	   ~~**DSU1703**~~

Submit	**This function enables you to create or edit a security.** **After a security creation request is completed a prompt is shown with the following request: 'Do you want to configure the issuer now?'** **In case you click on the 'Yes' button you will be redirected to the new CSD link screen with the following prefilled items:** **❙ ISIN field with Security-ISIN value;** **❙ Link type field is with ISSUER value;** **❙ Valid from with business date;** **❙ Issuer investor parent BIC and issuer investor BIC with user - related parent BIC (if the creating user is a CSD user, otherwise the 'Issuer Investor' fields are empty).** **Next screens:** **❙ *Security CSD links – search/list* screen [▹ 694] (if you confirm the 'CSD Link' confirmation prompt)** **❙ *Securities – search/list* screen [▹ 663]** **References for error messages [▹ 2356]:** **❙ DSC1001** **❙ DSC1013**

▌DSC1021	
▌DSC1022	
▌DSC1024	
▌DSC1025	
▌DSC1026	
▌DSC1027	
▌DSC1028	
▌DSC1029	
▌DSC1032	
▌DSC1040	
▌DSC1252	
▌DSC1254	
▌DSC1256	
▌DSC1257	
▌DSC1300	
▌DSC1301	
▌DSC1700	
▌DSC1701	
▌DSC1702	
▌DSC1800	
▌DSU1001	
▌DSU1003	
▌DSU1005	
▌DSU1006	
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▌DSU1301	
▌DSU1400	
▌DSU1410	
▌DSU1700	
▌DSU1701	
▌DSU1702	
▌ ~~DSU1703~~	
▌DSU1704	
▌DSU1800	

B)   Section 6.4.2.154 Securities – Search/List Screen, page 2311

Reference for error message	Field or Button	Error Text	Description
DSD1003	▌ Status Field ▌ Issue date field ▌ Issue Date – from field ▌ Maturity Date field ▌ Maturity Date – from field ▌ Maturity Date – to field ▌ Delete button	Unknown <u>or Invalid</u> Securities	When performing a Securities delete request, it must refer to an existing and active instance of Securities that is past the <u>transformation detection period (i.e. the</u> maturity date <u>plus the number of business days set for the transformation detection period in T2S)</u> or has not yet reached its issue date.

C)   Section 6.4.2.167 Security – Details Screen, page 2353

Reference for error message	Field or Button	Error Text	Description
DSD1003	Status Field Issue Date field Maturity Date field Delete button	Unknown or Invalid Securities	When performing a Securities delete request, it must refer to an existing and active instance of Securities that is past the transformation detection period (i.e. the maturity date plus the number of business days set for the transformation detection period in T2S) or has not yet reached its issue date.

D)   Section 6.4.2.168 Security – New/Edit Screen, UHB page 2368

Reference for error message	Field or Button	Error Text	Description
~~DSU1703~~	~~Maturity Date field~~ ~~Submit button~~	~~Securities update has been queued and will be executed during the End of Day period.~~	~~When performing a Security Update request, if the request contains updates to the Final Maturity-Expiry Date, and it is submitted outside of the End of Day period, the request is queued and executed at the start of the End of Day period.~~

E)   Section 6.4.2.175 Settlement Instruction – New Screen, UHB page 2406-2407

Reference for error message	Field or Button	Error Text	Description
MVIC311	ISIN field Intended Settlement Date field Submit button	The Maturity Date of the Security plus the transformation detection period is earlier or equal than the Intended Settlement Date of the Settlement Instruction.	When the Instructing Party is not the investor CSD, the technical Issuer CSD or the Issuer CSD of the ISIN Code specified in a Settlement Instruction, the Intended Settlement Date of a Settlement Instruction must be earlier than the Maturity Date of the Security plus the transformation detection period.
MVIC313	ISIN field Instructing Party BIC field Instructing Party Parent BIC field Submit button	The Maturity Date of the Security plus the transformation detection period is earlier or equal than the Current Business date.	When the Instructing Party is not the investor CSD, the technical Issuer CSD or the Issuer CSD of the ISIN Code specified in a Settlement Instruction, the Current Business Date must be earlier than the Maturity date of the ISIN code plus the transformation detection period.

The following **GFS v5.3** sections should be modified:

A)   Section 3.4.3.3 Description of the functions of the module, page 211

ISIN Code Validation

Eligible ISIN Check

(…)

- The ISIN code is eligible for settlement in the corresponding CSD for the Intended Settlement Date, unless the instruction was sent by a CSD, which are allowed to send instructions for non-settlement eligible ISIN(s) as long as they are still active (not logically deleted), or unless the Settlement Instruction was sent by other T2S Actors (non-CSD) and involves a non-settlement eligible ISIN that is still within the transformation detection period **{T2S.05.080}**;

  (…)

- When the Instruction Party is not the Investor CSD, the Technical Issuer CSD or the Issuer CSD of the ISIN Code specified in the Settlement Instruction, the current Business Day should be earlier than the Maturity date of the Security plus the transformation detection period.
- When the Instruction Party is not the Investor CSD, the Technical Issuer CSD or the Issuer CSD of the ISIN Code specified in ~~the Settlement Instruction or~~ the Settlement Restriction on securities, the current Business Day should be earlier than the Maturity date of the Security.

B)   Section 3.5.5.3 Description of the functions of the module (3 - Settlement Transaction Manager)

Final Checks

Introduction

Reference Id	**_SETT.SPS.STM.5.1_**

During the daytime, the function sends all the _Settlement Transactions_ which are eligible to settlement ~~not suspended or on hold~~ to the _Daytime Collection Generator_ function.

The Settlement Transactions not eligible for settlement are the following ones:

- Transactions having a "_Missing Linked Instruction_"

- Suspended transactions,

- On hold transactions,

- PFOD Transactions involving a matured Security whose instructing parties are not CSDs nor CCPs

- DVP, FOP or DWP Transactions involving a matured Security whose instructing parties are not CSDs.

The _Settlement Transactions_ linked by a link _"With"_ are sent all together whereas the _Settlement Transactions_ with no link or having a link _"Before"_ or _"After"_ are sent separately.

Then the function also sends an _Instruction Status Information_ to the _Status Management_ module with the corresponding reason code for each pair of _Settlement Instructions_ or _Settlement Restriction_ whose associated _Settlement Transaction_ is not sent to the _Daytime Collection Generator_ function **{T2S.09.100} {T2S.09.110} {T2S.05.600} {T2S.05.620} {T2S.05.625}**.

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High level description of Impact:

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Outcome/Decisions:

* CRG meeting of 28 April 2015: The CRG decided to put the Change Request on hold.

* CRG meeting of 20 May 2015: The CRG acknowledged the updated Change Request received from the CASG and the CRG decided to keep 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 of 8-9 February 2016: The CRG decided to put the Change Request on hold for Release 2.0.

* CRG meeting on 6 September 2016: The CRG recommended to launch the preliminary assessment on the Change Request from 26 September 2016 to 17 October 2016 (batch 1).

* OMG on 05 October 2016: During a written procedure from 14 September 2016 to 06 October 2016, the Operations Managers Group did not identify any blocking operational impact of the Change Request.

* CRG meeting on 26 October 2016: The CRG took note of the T2S functionalities/modules impacted by the Change Request following the 4CB preliminary assessment.

* CRG meeting on 12/13 December 2016: The CRG recommended to add to the scope of this CR the decommissioning of the deferred processing of maturity/expiry date updates which was introduced with Change Request T2S-0471-SYS. This functionality is currently causing inefficiencies in production and would not be required with the implementation of Change Request T2S-0515-SYS any longer.

* CRG meeting on 24 January 2017: The CRG agreed to make some changes and recommended to launch the detailed assessment of the updated Change Request and asked the 4CB to check the feasibility to deliver the Change Request in the T2S Release 2.0.

* Advisory Group on 02 February 2017: In a written procedure from 26 January 2017 to 02 February 2017, the Advisory Group was in favour of launching the detailed assessment on the Change Request.

* CSD Steering Group on 03 February 2017: In a written procedure from 26 January 2017 to 03 February 2017, the CSD Steering Group was in favour of launching the detailed assessment on the Change Request.

* CRG meeting on 30 March 2017: The CRG recommended the Change Request for approval and its inclusion in T2S Release 2.0 in principle subject to the 4CB update of the editorial changes identified during the CRG written procedure from 31 March to 7 April 2017.

* CRG on 27 April 2017: During the CRG written procedure from 25 to 27 April 2017, the CRG did not raise any objection on the updated Change Request and a minor editorial update was added on top for clarification purposes as well following this written procedure.

* RMSG meeting on 28 April 2017: The Release Management sub-group was of the view that the Change Request is not feasible within the T2S Release 2.0 from a planning perspective given the current envisaged deployment dates in the interoperability and production environments on 6 April and 9 June 2018 respectively.

* Operational Mangers Group on 4 May 2017: Following a written procedure from 26 April - 4 May 2017, the Operations Managers Group reconfirmed that the Change Request does not have any blocking operational impact and was in favour of adding the Change Request to the T2S Release 2.0.

* CRG Telco on 5 May 2017: The CRG was of the view that the Change Request 515 is mandatory from a functional perspective and asked the RMSG to check all possible solutions to deliver it as part of the T2S Release 2.0.

* RMSG on 12 May 2017: The RMSG did not raise any objection on the delivery planning for Change Request 515 within T2S Release 2.0.

* CRG on 23 May 2017: The CRG was informed that the 'Reason for change' section of the Change Request was updated to reflect that the software change (i.e. addition of a new business rule) brought by the Change Request T2S-0471-SYS (Deferred processing of maturity/expiry date update in T2S) is not completely removed, but changed.

* CRG meeting on 07 June 2017: The CRG took note that the software change (i.e. addition of a new business rule) brought by the Change Request T2S-0471-SYS (Deferred processing of maturity/expiry date update in T2S) is not completely removed, but changed, and therefore, the operational costs of the CR471 will be kept after the implementation of the Change Request T2S-0515-URD.

* Advisory Group on Market Infrastructures for Securities and Collateral (AMI-SeCo) on 8 June 2017: Following a written procedure from 02 to 08 June 2017, the AMI-SeCo was in favour of approving the Change Request and its inclusion in T2S Release 2.0.

* CSD Steering Group on 9 June 2017: Following a written procedure from 02 to 09 June 2017, the CSG adopted the resolution to approve the Change Request and its inclusion in T2S Release 2.0.

* CRG meeting on 25 January 2018: The CRG agreed to recommend to the Steering Level an update of this CR to introduce business rule SPST032

* Operational Mangers Group on 2 January 2018: Following a written procedure from 31 Jan – 2 Feb 2018, the Operations Managers Group reconfirmed that the Change Request does not have any blocking operational impact and was in favour of updating the Change Request as per CRG recommendation.

*AMI-SeCo on 7 February 2018: in a written procedure from 2 to 7 February 2018, the AMI-SeCo was in favour of updating the CR as per the CRG recommendation

* CSG on 9 February 2018: The CSG approved the update of the CR as per the CRG recommendation

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Preliminary assessment:

- Impacted functionality/module: U2A, SETT, LTSI, LCMM

- Financial impact parameter: High (preliminary assessed)

EUROSYSTEM ANALYSIS – GENERAL INFORMATION			

	Static data management		**Interface**	
Impact On T2S		Party data management		Communication
	x	Securities data management		Outbound processing
		T2S Dedicated Cash account data management		Inbound processing
		Securities account data management		
		Rules and parameters data management		
	Settlement		**Liquidity management**	
	x	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	x	Instructions validation
				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	3.4.3 Instruction Validation	Update the ISIN Code Validation description in order to include the new logic to be applied for the checks performed over the Maturity date and ISD/CBD.
	3.5.3.3 Description of the functions of the module (3 - Settlement Transaction Manager/) Final checks	Update of the final checks part describing the eligibility checks
Impacted UDFS chapter	1.6.1.1.3 Validation Process 1.2.2.2 Concept of securities	Update the ISIN Code Validation Process description and examples to clarify how the new logic works, depending on the Instructing Party of a settlement instruction and the relationship between the maturity date of a security and its transformation retention period.
	UDFS v2.3 section 1.6.1.8.3	Update Eligibility check process to include additional check regarding the transformation detection period
	3.3.6.2.2 (reda.006.001.01) The T2S-specific schema	Removal of Business Rule DSU1703.
	4.1 Index of Business Rules and Error Codes	Update the description and error text for the Business Rules MVIC311 and MVIC313. Removal of Business Rule DSU1703.

		Modification of Business Rule DSD1003 to include the calculation of the transformation period. Addition of the BRs SPST030 SPST031 and SPST032..
Additional deliveries for Message Specification	No impact	
UHB	2.5.2.7 Security – New/Edit Screen 6.4.2 Reference for Error Messages for GUI Screens	Removal of Business Rule DSU1703. Update the error text and description for the Business Rules MVIC311 and MVIC313. Removal of Business Rule DSU1703. Modification of Business Rule DSD1003 to include the calculation of the transformation period.
External training materials		
Other documentations	Configuration Guide	Inclusion of a new Attribute Domains to handle a list of BICs to be identified as CCPs. Amendment of the "System Parameters" attribute domain in order to add the global system parameter for the transformation period

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

LCMM

At validation level

The logic currently applied for BRs MVIC311 & MVIC313 needs to be modified. Once CR-0515 is implemented, settlement instructions having an Instructing Party equal to a CSD Participant will not be rejected or cancelled once the maturity date of the related ISIN has been reached, but will be allowed in the system for a predefined number of days after the maturity date. This predefined number of days is known as the "transformation detection period (i.e. 20 T2S business days after the record date/market deadline).

This update only affects SIs, therefore the logic currently applied for settlement restrictions (BRs MVIC312 & MVIC314) will not be modified. (i.e. CSDP will not be able to instruct a SR on an ISIN already matured)

Updated BR MVIC311:

When the Instructing Party is not the investor CSD, the technical Issuer CSD or the Issuer CSD of the ISIN Code specified in a Settlement Instruction, the ISD of a Settlement Instruction must be earlier than the date resulting from the sum of the Maturity Date of the Security plus the transformation detection period.

Updated BR MVIC313:
When the Instructing Party is not the investor CSD, the technical Issuer CSD or the Issuer CSD of the ISIN Code specified in a Settlement Instruction, the current business date must be earlier than the date resulting from the sum of the Maturity Date of the Security plus the transformation detection period.

The transformation detection period will be stored as a system parameter and changes on this parameter will not trigger revalidation since it is understood to be stable.
The parameter will indicate the number of days expressed in T2S business days.

During the revalidation process at SoD, recycled settlement instructions not fulfilling abovementioned BRs MVIC311 & MVIC313 will be consequently cancelled by the system.
Similarly, when the maturity date of an ISIN is changed, it will trigger the corresponding revalidation of future dated instructions. Those instructions not fulfilling the BRs will be cancelled by the system.

Business rule DSU1703 will be removed in order to allow processing changes to the Maturity Date of a Security in

real-time rather than in deferred mode.

Business Rule DSD1003 will be modified in order to not allow the deletion of a Security within the transformation period.

SETT

At eligibility level

As some current validation checks regarding the instructions related to a matured ISIN are removed, eligibility checks need to be reinforced with checks on instructing party of instruction involving a matured ISIN.

The following new eligibility checks will be implemented in case the maturity date of the Security involved in a pair of matched instructions is passed:

- If both instructing parties of the matched SI are CSD, the Settlement Transaction is eligible for settlement,
- If both instructing parties of the matched SI are CCP and the transaction type code is 'PFOD', the Settlement Transaction is eligible for settlement,
- If one instructing party of the matched SI is CCP and the other is CSD and the transaction type code is 'PFOD', the Settlement Transaction is eligible for settlement,
- In all other cases, the Settlement Transaction is not eligible for settlement.

In case of non-eligibility, new business rules will be reported. Three new business rules are created. One to handle the case of the instructing party of the instruction being not compliant with the new eligibility check. The second to handle the case where the instructing party of the instruction is compliant but the instructing party of its counterpart is not. And a third to handle an eligibility failure due to a link constraint with a SI/SR ineligible for settlement (e.g. eligibility failure due to a past maturity date as defined in CR 515).

In case both instructing parties are not compliant with the new eligibility check, only the SPST030 is reported on each settlement instruction.

BR SPST030:
When the Maturity Date of the Security involved in an instruction is passed, the Instructing Party must be a CSD or the instruction must be a PFOD and the Instructing Party must be a CCP.

Error text:
Settlement Instruction is not settled because the Maturity Date of the Security involved is passed, and the instruction is neither instructed by a CSD nor a PFOD instructed by a CCP.

BR SPST031:
When the Maturity Date of the Security involved in an instruction is passed, the Instructing Party of its counterpart instruction must be a CSD or the instruction must be a PFOD and the Instructing Party of its counterpart instruction must be a CCP.

Error text:
Settlement Instruction is not settled because the Maturity Date of the Security involved is passed, and the counterpart instruction is neither instructed by a CSD nor a PFOD instructed by a CCP.

BR SPST032:
A settlement Instruction or a settlement restriction cannot be submitted to a settlement attempt if it states a link WITH or AFTER an instruction or a restriction that is not eligible for settlement.

Error text:
Settlement Instruction or settlement restriction is unsettled because it states a link WITH or AFTER an instruction or a restriction that is not eligible for settlement.These checks will be based upon SoD values of Maturity date and CCP BIC list.

SDMG

Business Rule DSU1703 is to be removed in order to allow the real-time update of Securities Maturity Dates.
Business Rule DSD1003 is to be modified in order to not allow the deletion of a Security within the transformation period.
New Attribute Domain will be configured in order to handle the identification of BICs as CCPs (i.e. all Parties identified by a BIC within this list will be identified as CCPs in T2S).

Amendment of the "System Parameters" attribute domain in order to add the global transformation period parameter (a single integer value).

SDMG Testing:
Following the removal of DSU1703, the real-time update of Securities Maturity Dates has to be tested.
The new implementation of business rule DSD1003 has to be tested.

Summary of project risk
None.

Security analysis
No potentially adverse effect was identified during the security assessment.

ECB-PUBLIC

24 March 2017

Cost assessment on Change Requests

T2S-0515-URD – Allow instructions from CSD participants for n days after maturity date of security			
One-off	Assessment cost* - Preliminary - Detailed	2,000.00 10,000.00	Euro Euro
One-off	Project phase costs	536,165.16	Euro
Annual	Operational costs	58,635.33	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).