t2s

TARGET2-SECURITIES

General Information (Origin of Request)		
☒ User Requirements (URD) ☒ Other User Functional or Technical Documentation (SYS)		
Request raised by: Euroclear	**Institute:** CSD	**Date raised:** 01/12/2016
Request title: Introduction of a new partial settlement window during the Real Time Settlement period at 8 am		**Request ref. no:** T2S 0641 URD
Request type: Common	**Urgency:** Normal	
1. Legal/business importance parameter: High	**2. Market implementation efforts parameter:** Low	
3. Operational/Technical risk parameter: Low	**4. Financial impact parameter:** No cost impact	
Requestor Category: CSD	**Status:** Authorised at Steering Level	

Reason for change and expected benefits/business motivation:

Following the migration of ESES CSDs to the T2S platform, we can observe that at the end of the Night Time Settlement there are an important number of transactions that are still pending either due to lack of resources or because these instructions were put on hold by the parties of the transactions. These instructions are then recycled in the Real Time Settlement process. However, even if in the meantime resources are available or the transactions are released, many of these instructions remain pending until the first Partial Settlement window (at 10 am).

The introduction of a new partial settlement window during the RTS at 8am will allow settling earlier than today the pending instructions remaining from the nigh-time settlement. In general it should improve the overall settlement efficiency by providing an additional opportunity to optimise the settlement process.

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Description of requested change:

Introduction of a new partial settlement window at 8 am during the real-time settlement (RTS).

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Submitted annexes / related documents:

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Proposed wording for the Change request:

1. URD v5.05, section 3.1.2.6, page 58, line 15

   Partial settlement during daytime settlement
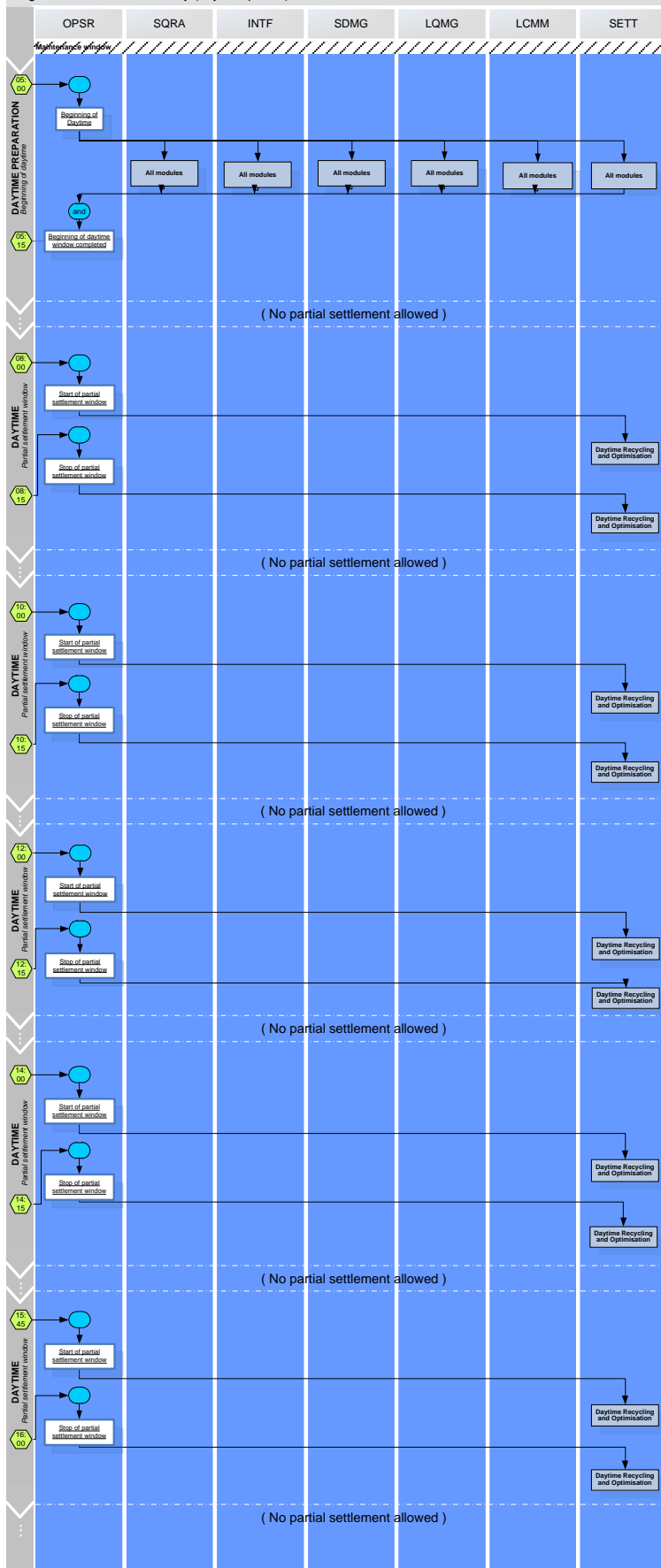
Reference ID	T2S.03.165

   T2S shall activate partial settlement procedure

   - at 08:00 CET, with deactivation at 08:15 CET

   - at 10:00 CET, with deactivation at 10:15 CET

   - at 12:00 CET, with deactivation at 12:15 CET

   - at 14:00 CET, with deactivation at 14:15 CET

   - at 15:45 (15 minutes before the DVP cut-off time), with deactivation at the closure of the same day T2S DVP

     settlement.

2. GFS v5.3, section 2.1.1.2, page 18, diagram "Daytime period"

   The diagram is to be updated by introducing an additional "Daytime – Partial settlement window" segment in line with the existing ones, between 8:00 and 8:15.

Diagram 5: T2S settlement day (daytime period)

3. <u>UDFS v2.3, section 1.4.3.2, page 227, table 92</u>

T2S TIMELINE	T2S PERIODS	HIGH LEVEL DESCRIPTION
…	…	…
5:00 a.m. (or after NTS if NTS ends before 3:00 a.m.) – 6:00 p.m.	Real-time settlement (RTS)	The real-time settlement period including: • The real-time settlement preparation; • The real-time settlement with ~~4~~ 5 partial settlement windows; • The real-time settlement closure
…	…	…

<u>UDFS v2.3, section 1.4.4.4, page 256, lines 8-14:</u>

The real-time settlement period includes:

- The real-time settlement preparation;
- The real-time settlement with the ~~four~~ <u>five</u> partial settlement windows to optimise maximum value and volumes of settlement transactions, which are unsettled because of lack of securities:
    - <u>The first partial settlement window between 08:00 a.m. and 08:15 a.m.;</u>
    - The <u>second</u> ~~first~~ partial settlement window between 10:00 a.m. and 10:15 a.m.;
    - The <u>third</u> ~~second~~ partial settlement window between 12:00 p.m. and 12:15 p.m.;
    - The <u>fourth</u> ~~third~~ partial settlement window between 2:00 p.m. and 2:15 p.m.;
    - The <u>fifth</u> ~~fourth~~ partial settlement window is 15 minutes before the beginning of the DVP cut-off time, then between 3:45 p.m. and 4:00 p.m.

4. <u>UDFS v2.3, section 1.4.4.4.2, page 257 diagram 63</u>

The diagram is to be updated by introducing a new block for the new partial settlement windows and relabeling the existing ones to "second", "third" "fourth" and "fifth" partial settlement window.

5. <u>UDFS v2.3, section 1.4.4.4.3, page 258, diagram 64</u>

The diagram is to be updated by introducing a new block for the new partial settlement windows and relabeling the existing ones to "second", "third" "fourth" and "fifth" partial settlement window.

6. <u>UDFS v2.3, page 258, section 1.4.4.4.3, table 100</u>

T2S DETAILED PROCESSES	DEPENDENCIES	
	TYPE OF DEPENDENCY	DESCRIPTION
…	…	…
<u>First partial settlement window</u>	<u>Time: 8:00 a.m.</u>	<u>This process does not start before 8:00 a.m.</u>
~~First~~ <u>Second</u> partial settlement window	Time: 10:00 a.m.	This process does not start before 10:00 a.m.
<u>Third</u> ~~Second~~ partial settlement window	Time: 12:00 p.m.	This process does not start before 12:00 p.m.
<u>Fourth</u> ~~Third~~ partial settlement window	Time: 2:00 p.m.	This process does not start before 2:00 p.m.
<u>Fifth</u> ~~fourth~~ partial settlement window	Time: 3:45 p.m.	This process does not start before 3:45 p.m.

7. <u>UDFS v2.3, section 1.4.4.4.4, page 260, table 101</u>

T2S PROCESSES	DESCRIPTION OF THE PROCESSES
…	…

First partial settlement window	All the processes available during the real-time settlement period are also available. Additionally: • Partial settlement of new Settlement Instructions arriving into T2S in this period and eligible to partial settlement; • Settlement of previous unsettled or partially settled Settlement Instructions which are eligible to partial settlement.
Second partial settlement window	All the processes available during the real-time settlement period are also available. Additionally: • Partial settlement of new Settlement Instructions arriving into T2S in this period and eligible to partial settlement; • Settlement of previous unsettled or partially settled Settlement Instructions which are eligible to partial settlement.
Third partial settlement window	All the processes available during the real-time settlement period are also available. Additionally: • Partial settlement of new Settlement Instructions arriving into T2S in this period and eligible to partial settlement; • Settlement of previous unsettled or partially settled Settlement Instructions which are eligible to partial settlement.
Fourth partial settlement window	All the processes available during the real-time settlement period are also available. Additionally: • Partial settlement of new Settlement Instructions arriving into T2S in this period and eligible to partial settlement; • Settlement of previous unsettled or partially settled Settlement Instructions which are eligible to partial settlement.
<u>Fifth partial settlement window</u>	<u>All the processes available during the real-time settlement period are also available.</u> <u>Additionally:</u> • <u>Partial settlement of new Settlement Instructions arriving into T2S in this period and eligible to partial settlement;</u> • <u>Settlement of previous unsettled or partially settled Settlement Instructions which are eligible to partial settlement.</u>

8. <u>UDFS v2.3, section 1.4.4.4.6, page 262, diagram 66</u>
   The top block should be relabelled to "End of <u>fifth</u> ~~fourth~~ partial settlement window"

9. <u>UDFS v2.3, section 1.4.4.4.6, page 262, table 102</u>

T2S DETAILED PROCESSES	**DEPENDENCIES**	
	TYPE OF DEPENDENCY	**DESCRIPTION**
Execute DVP cut-off procedure	End of ~~fourth~~ <u>fifth</u> partial settlement window and Time: 4:00 p.m.	This process starts after the completion of the ~~fourth~~ <u>fifth</u> partial settlement window. In addition this process does not start before 4:00 p.m. In case of emergency situations a change of DVP cut-off is only possible according to a process to be defined in the T2S MOP.
Execute cash Settlement Restriction cut-off procedure	Partial settlement window completed and Time: 4:00 p.m.	This process starts after the completion of the ~~fourth~~ <u>fifth</u> partial settlement window. In addition this process does not start before 4:00 p.m. In case of emergency situations a change of cash Settlement Restriction cut-off is only possible according to a process to be defined in the T2S MOP.

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High level description of Impact: 5

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Outcome/Decisions:

* CRG meeting on 12-13 December 2016: The CRG recommended the approval of the Change Request (with the timing of 7 am) and its inclusion in the T2S Release 1.2.2.

* OMG meeting on 14-15 December 2016: The OMG raised objections about the inclusion in the T2S Release 1.2.2 and was of the view that a decision cannot be taken before the migration of wave 4.

* RMSG teleconference on 16 December 2016: The RMSG raised objections about the inclusion in the T2S Release 1.2.2 and was of the view that a decision cannot be taken before the migration of wave 4.

* OMG teleconference on 11 May 2017: The OMG agreed that a new partial settlement window at 8 am plus the current partial settlement window at 10 am would be most effective combination of partial settlement windows in the mornings.

* CRG teleconference on 18 May 2017: The CRG recommended the approval of the Change Request with the new timing (8 am instead of 7 am).

* Advisory Group on Market Infrastructures for Securities and Collateral (AMI-SeCo) on 30 May 2017: Following a written procedure from 24 to 30 May 2017, the AMI-SeCo was in favour of approving the Change Request.

* CSD Steering Group on 31 May 2017: Following a written procedure from 24 to 31 May 2017, the CSG adopted the resolution to approve the Change Request.