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

Request raised by: CSDR Task Force	Institute: ECB	Date raised: 16/03/2021
Request title: T2S Penalty Mechanism: Reporting the transaction details for new penalties in the List of Modified Penalties		**Request ref. no:** T2S 760 URD
Request type: Common	**Classification:** Regulatory requirement	**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-medium
Requestor Category:		**Status:** Implemented

Reason for change and expected benefits/business motivation:

The T2S CSDR Task Force was established by the T2S Steering level, in order to identify the necessary changes to the T2S platform resulting from the CSD Regulation (CSDR), with the objective to facilitate T2S CSDs' timely compliance to CSDR.

The core of the work of the T2S CSDR Task Force (CSDR TF) is reflected in the T2S Penalty Mechanism's user requirements (implemented with CR-654, CR-715 and CR-727): it focuses on the daily calculation and reporting of cash penalties for settlement fails, a monthly reporting of the aggregated amounts of cash penalties computed for a given month as well as the operational tools which are necessary for T2S Actors.

With the later change request, CR-759, cash penalties that are computed for the first time by the Recalculation process because a financial instrument becomes subject to cash penalties with a "Valid From" in the past, will be reported with reason code 'new penalty' (NEWP) in the List of Modified Penalties[5].

However, the List of Modified Penalties currently only provides the references of the underlying instruction, i.e. it does not provide all the details of the underlying settlement instruction that are provided in the Daily Penalty List, which could represent an operational burden whenever it is required to retrieve them.

Hence, it is requested to enhance the T2S Penalty Mechanism so the List of Modified Penalties provides, for penalties with the reason code 'new penalty' (NEWP), the same details for the underlying settlement instruction as in the Daily Penalty List.

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Description of requested change:

13.5.2.5 List of modified penalties

List of Modified Penalties information

Reference ID	T2S.13.420

The List of Modified Penalties shall provide, for each modified cash penalty, the same information (with updated values) as the one described for Daily Cash Penalty List in T2S.13.350, with the exception of the attributes in the "Other transaction details" block under "Related transaction details" that will be provided only for penalties with reason code 'new penalty' i.e. cash penalties that are newly computed by a recalculation process performed after the business day in which the penalties should have been originally computed by the calculation process ~~not be provided again~~.

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1 Legal/business importance: High because the change will be beneficial to all recipients of penalty reports
2 Market implementation efforts: Low because the change has a limited impact on the contents of penalty reports.
3 Operational/technical risk: Low because the change affects the reporting but not the calculation of penalties.
4 Financial impact: Low < 100kEUR < Low-Medium < 200kEUR < Medium < 400kEUR < High < 700kEUR < Very high
5 As envisaged in the resolution of PBI-213752, cash penalties that are calculated "late" in a contingency scenario (i.e. where the calculation process is skipped and recovered by the recalculation process of a following business day) are also reported with the reason code 'new penalty' (NEWP) in the List of Modified Penalties

I.e. From the details of the underlying settlement instruction, the List of Modified Penalties only provides the references of the instruction, unless the penalty has reason code 'new penalty', in which case all the details of the instruction are reported.

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Submitted annexes / related documents:

- CR-0759- T2S Penalty Mechanism: Reporting with reason code 'new penalty' (NEWP) in the List of Modified Penalties

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Outcome/Decisions:

*CRG on 24 March 2021: the CRG agreed to recommend CR-760 for authorisation by the T2S Steering Level, following a fast-track approach.

* AMI-SeCo on 31 March 2021: the AMI-SeCo agreed to recommend CR-758 for authorisation by the T2S Steering Level.

* CSG on 31 March 2021: The CSG authorised the CR for allocation to a T2S release
* NECSG on 31 March 2021: The CSG authorised the CR for allocation to a T2S release

* PMG on 9 April 2021: The PMG launched the detailed assessment of the CR in view on R6.0

* MIB on 22 April 2021: the MIB authorised CR-760 for allocation to a T2S release.

* CRG on 25 June 2021: the CRG agreed to recommend to the PMG the inclusion of CR-760 in Release 6.0.
* OMG on 25 June 2021: the OMG identified no additional operational impact due to the inclusion of CR-760 in R6.0.
* PMG on 28 June 2021: the PMG agreed to include CR-760 in the scope of R6.0.

* CSG on 09 July 2021: the CSG approved the inclusion of CR-760 in the scope of R6.0.

* NECSG on 09 July 2021: the NECSG approved the inclusion of CR-760 in the scope of R6.0.

* MIB on 14 July 2021: the MIB approved the inclusion of CR-760 in the scope of R6.0.

Documentation to be updated:

** Caveat: the updates on the documentation are made based on GFS v9.0, UDFS v6.0 and UHB v6.0, including the updates envisaged on CR-759. In case CR760 is prioritised for implementation before CR759, it should be re-assessed.

URD: as described in the "Description of requested change" section

GFS:

3.4.7.3 Description of the functions of the module

(…)

Preparation for List of Modified Penalties

Reference Id	**LCMM.PEM.PPR.3.1**

Upon reception of the _Report Preparation for Modified Penalties_ (RPMD) Event, this sub-function retrieves and prepares the necessary data for the possible generation of any pre-defined _List of Modified Penalties_ **{T2S.13.410} {T2S.13.420}**, i.e.:

I The sub-function prepares ad-hoc tables with the necessary information of the updated **Penalties** (flagged for reporting due to its recalculation or modification, hence they must have Detection Date before "current Business day - 1" and Status "ACTV" or "REMO"), their _Applicable Parties_ ~~and~~, _Sub-amounts_ (only for _Penalties_ with Status "ACTV") and _underlying Settlement Instruction (only for Penalties with Reason "NEWP"),_ as well as the updated _Daily Nets for a party vs counterpart_

UDFS:

Section 1.6.1.14.7 Recalculation

(…)

Example - Insertion of Security Subject to Cash Penalties

(…)

T2S therefore, performs the following action on both Penalties:

Ⅰ Updates the Status from Not Computed "NCOM" to Active "ACTV"

Note that the LMFP is set to Active "ACTV", because now the Security is subject to penalties in at least one of the applicable business days, in this case, in two business days: 22nd and 23rd September 2021 (the Security is just not subject to penalties on 21st September 2021).

Ⅰ Sets the Reason Code to New Penalty "NEWP";
Ⅰ Recalculates the Penalty amount with the new Static data; and
Ⅰ Flags them as "to be reported", so they are included in the next List of Modified Penalties Report, where the "TransactionDetails" in block "RelatedTransaction" will be reported, given that these penalties have Reason "NEWP".

Section 3.3.7.22.3. The message in its business context

(…)

Message usage: List of Modified Penalties

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The message must be informed with:
> Ⅰ "ReportPeriod" as a "FromDateToDate" informing the period in which the Detection Date of the modified Penalties reported must be included[482];
> Ⅰ "Frequency" = "DAIL" (Daily); and
> Ⅰ "PenaltyListType"= "FWAM" (ForwardAmend).

In this message usage the "RelatedTransaction" block will ~~not~~ only inform the "TransactionDetails" block for penalties with Reason code "NEWP - new penalty'; otherwise, the "TransactionDetails" will not be informed.

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Message usage example 3: semt.044.001.01_List of Modified Penalties_(automatic recalculation for securities subject to penalties)

In this example, T2S sends on July 5th a List of Modified Penalties to the CSD G (CSDGBIC1XXX) to inform about all the penalties that were modified (i.e. automatically recalculated) since the reporting of the previous business day. The reports informs also the new daily aggregated amounts (debit and credit) per currency, party and counterparty for which there are penalties that have been modified.

This List of Modified Penalties is generated on July 5th 2019 and includes information about the modification of 2 penalties within the scope of CSD G:
Ⅰ The automatic recalculation due to an update of T2S Static Data of Penalty 12 (SEFP with Detection Date June 27th 2019).
Ⅰ The automatic recalculation due to an update of T2S Static Data of Penalty 13 (LMFP with Detection Date June 27th 2019).

Detail description of the Penalties that have been modified:
Ⅰ Penalty 12 (Common Penalty Id: 201906270000012) described in Daily Penalty List message usage example 5, has been impacted by the update on ISIN00000010, which becomes subject to penalties from June 24th onwards (making the penalty to become Active).
Ⅰ After the recalculation of the penalty, T2S reports it within the List of Modified Penalties by indicating:

- Status "ACTV", reason "NEWP"
- Security subject to penalties: TRUE
- SME Growth Market Indicator No, as MIC was informed differently
- Security Penalty Rate for illiquid shares not negotiated in a SME market=0.005% (0.5bp)
- Reference Price June 27th 2019=25 Euros
- SEFP=Security Penalty Rate*Reference Price*Quantity
  = 0.00005*25*200,000=250 Euros
- Block "Transaction Details" is informed for this penalty, as its reason is "NEWP"

❙ Penalty 13 (Common Penalty Id: 201906270000013) described in Daily Penalty List message usage example 5, has been impacted by the update on ISIN00000010, which becomes subject to penalties from June 24th onwards (making the penalty to become Active).

❙ After the recalculation of the penalty, T2S reports it within the List of Modified Penalties by indicating:
- Status "ACTV", reason "NEWP"
- Security subject to penalties: TRUE
- SME Growth Market Indicator No, as MIC was informed differently
- Security Penalty Rate=0.005% (0.5bp)
- Reference Price June 26th 2019 (ISD)=23 Euros
- LMFP=(Security Penalty Rate day x*Reference Price day x*Quantity)
  = (0.00005*23*100,000)=115 Euros
- Block "Transaction Details" is informed for this penalty, as its reason is "NEWP"

Section 4.10.2 List of Modified Penalties - Flat File Format Specifications

(…)

4.10.2.3.5 Format of Records

(…)

Record Type	Field Number	Field Name	Data Format	Length	Description	Field Type	Additional Information
Record Type "Details"							
(…)							
Details	22	Reference Owner BIC	CHAR(n)	11	BIC of the Instructing Party of the Settlement Instruction.	O	
Details	23	Securities Transaction Type Code	CHAR(n)	4	ISO Transaction Code of the Settlement Instruction	C	It must be informed if Reason of the penalty is "NEWP"
Details	24	Settlement Date	DATE	10	Intended Settlement Date of the Settlement Instruction	C	Date at which the instruction becomes eligible to be submitted to settlement. It must be informed if Reason of the penalty is "NEWP"
Details	25	Safekeeping Account Identification	CHAR(n)	35	Identification of the Securities Account of the Settlement Instruction.	C	It must be informed if Reason of the penalty is "NEWP"
Details	26	Account Owner BIC	CHAR(n)	11	BIC of the T2S party owning the securities account.	O	It can be informed only if Reason of the penalty is "NEWP"
Details	27	Securities Movement Type Code	CHAR(n)	4	It specifies whether the movement on a securities account results from a	C	It must be informed if Reason of the penalty is "NEWP" Possible values are: 'DELI' – Delivery. 'RECE' – Receipt.

						delivery or a receipt instruction.		
Details	28	Payment Type Code	CHAR(n)	4	It specifies how the transaction is to be settled.	C	It must be informed if Reason of the penalty is "NEWP" Possible values are: 'APMT' – Against payment settlement. 'FREE' – Separate settlement.
Details	29	Posting Quantity Units	NUMERIC(p)	14	Quantity of securities failed to be delivered, denominated in units.	O	It can be informed only if Reason of the penalty is "NEWP" It is provided if there is a posting quantity failed to be delivered and it is denominated in units; not provided otherwise. In case the instruction was partially settled at the moment of the end of cut-off processing used for the calculation of the SEFP, it is the remaining quantity at that point in time In case of LMFPs, it is always the original quantity instructed.
Details	30	Number of decimals of Posting Quantity in Units	NUMERIC(p)	2	Number of decimals of the Posting Quantity denominated in units.	C	It must be informed in case Posting Quantity Units is informed
Details	28	Posting Quantity Face Amount	NUMERIC(p)	14	Quantity of securities failed to be delivered, denominated in face amount.	O	It can be informed only if Reason of the penalty is "NEWP" It is provided if there is a posting quantity failed to be delivered and it is denominated in face amount; not provided otherwise. In case the instruction was partially settled at the moment of the end of cut-off processing used for the calculation of the SEFP, it is the remaining quantity at that point in time In case of LMFPs, it is always the original quantity instructed.
Details	32	Number of decimals of the Posting Quantity in Face Amount	NUMERIC(p)	2	Number of decimals for the Posting Quantity denominated in face amount.	C	It must be informed in case Posting Quantity Face Amount is informed
Details	33	Cash Account Number	CHAR(n)	34	It specifies the unique T2S Dedicated Cash Account number.	O	DCA as per SF1 (if APTM). It can be informed only if Reason of the penalty is "NEWP"
Details	34	Cash Account Owner BIC	CHAR(n)	11	BIC of the T2S party owning the Dedicated Cash Account.	O	BIC of the payment bank owner of the DCA as per SF1 (if APTM). It can be informed only if Reason of the penalty is "NEWP"
Details	35	Posting Amount	NUMERIC(p)	14	Cash amount failed to be delivered.	O	It can be informed only if Reason of the penalty is "NEWP" In case the instruction was partially settled at the moment of the end of cut-off processing used for the calculation of the SEFP, it is the remaining amount at that point in time. In case of LMFPs, it is always the matched amount (this amount can differ from the original amount instructed because of the tolerance applied in T2S at matching).
Details	36	Number of decimals of the Posting Amount	NUMERIC(p)	2	Number of decimal digits of the Posting Amount.	C	It must be informed in case Posting Amount is informed
Details	37	Currency of the Posting Amount	CHAR(n)	3	Currency of the Posting Amount.	C	It must be informed in case Posting Amount is informed
Details	38	Credit / Debit Indicator of the Posting Amount	CHAR(n)	4		C	It must be informed when the Posting Amount has a value. Possible values are: 'CRDT' - Credit 'DBIT' – Debit
Details	39	Acknowledged Status Time Stamp	DATETIME	26	Calendar Date when the acceptance (SF1) of the settlement instruction has occurred.	C	Date is populated with the applicable T2S Calendar Date and Time Date. It must be informed if Reason of the penalty is "NEWP"
Details	40	Matched Status Time Stamp	DATETIME	26	Calendar Date when the matching (SF2) of the settlement instruction has occurred.	C	Date is populated with the applicable T2S Calendar Date and Time Date. It must be informed if Reason of the penalty is "NEWP"

Details	41	Settlement - Failing Status Reason Code_1	CHAR(n)	4	Relevant reason for the computation of SEFPs	C	It must be informed in case of Penalty Type Code is SEFP and Reason of the penalty is "NEWP". Reason why the instruction was not fully settled at the time of the relevant cut-off of its Intended Settlement Date.
Details	42	Settlement - Failing Status Additional information 1	CHAR(n)	210	Description of the failing reason code of the Settlement Instruction	C	It must be informed in case of Penalty Type Code is SEFP and Reason of the penalty is "NEWP". Text comprised of a combination of the associated business rule and reason code reference.
Details	43	Settlement - Failing Status Reason Code_2	CHAR(n)	4	Relevant reason for the computation of SEFPs	O	It can be informed only in case of Penalty Type Code is SEFP and Reason of the penalty is "NEWP". Reason why the instruction was not fully settled at the time of the relevant cut-off of its Intended Settlement Date.
Details	44	Settlement - Failing Status Additional information 2	CHAR(n)	210	Description of the failing reason code of the Settlement Instruction	C	Text comprised of a combination of the associated business rule and reason code reference. It is informed in case Settlement - Failing Status Reason Code 2 is informed
Details	45	Settlement - Failing Status Reason Code_3	CHAR(n)	4	Relevant reason for the computation of SEFPs	O	It can be informed only in case of Penalty Type Code is SEFP and Reason of the penalty is "NEWP". Reason why the instruction was not fully settled at the time of the relevant cut-off of its Intended Settlement Date.
Details	46	Settlement - Failing Status Additional information 3	CHAR(n)	210	Description of the failing reason code of the Settlement Instruction	C	It must be informed in case Settlement - Failing Status Reason Code 3 is informed Text comprised of a combination of the associated business rule and reason code reference.
Details	47	Settlement - Failing Status Reason Code_4	CHAR(n)	4	Relevant reason for the computation of SEFPs	O	It can be informed only in case of Penalty Type Code is SEFP and Reason of the penalty is "NEWP". Reason why the instruction was not fully settled at the time of the relevant cut-off of its Intended Settlement Date.
Details	48	Settlement - Failing Status Additional information 4	CHAR(n)	210	Description of the failing reason code of the Settlement Instruction	C	It must be informed in case Settlement - Failing Status Reason Code 4 is informed Text comprised of a combination of the associated business rule and reason code reference.
Details	49	Settlement - Failing Status Reason Code_5	CHAR(n)	4	Relevant reason for the computation of SEFPs	O	It can be informed only in case of Penalty Type Code is SEFP and Reason of the penalty is "NEWP". Reason why the instruction was not fully settled at the time of the relevant cut-off of its Intended Settlement Date.
Details	50	Settlement - Failing Status Additional information 5	CHAR(n)	210	Description of the failing reason code of the Settlement Instruction	C	It must be informed in case Settlement - Failing Status Reason Code 5 is informed Text comprised of a combination of the associated business rule and reason code reference.
Details	51	Identification code of the relevant Cut-off	CHAR(n)	4	Code identifying the event (i.e. event end of relevant cut-off).	C	It must be informed in case of Penalty Type Code is SEFP and Reason of the penalty is "NEWP". Event of the business day for the processing of the relevant cut-off of the instruction where the instruction was identified as failed (for the day when the penalty is computed i.e. the detection date).
Details	52	Scheme Name	CHAR(n)	4		C	It must be informed in case Identification code of the relevant Cut-off is informed Fixed content to 'EVTP'
Details	53	Issuer	CHAR(n)	4		C	It must be informed in case Identification code of the relevant Cut-off is informed Fixed content to 'T2S'
Details	54	Scheduled Time of the relevant Cut-off	DATETIME	26	Time for the event scheduled to be triggered (Time-stamp).	C	It must be informed in case Identification code of the relevant Cut-off is informed
Details	55	Start Time of the relevant Cut-off	DATETIME	26	Effective time for the trigger of the cut-off (Time-stamp).	C	It must be informed in case Identification code of the relevant Cut-off is informed
Details	56	End Time of the relevant Cut-off	DATETIME	26	Effective time for the closure of the Cut-off (Time-stamp).	C	It must be informed in case Identification code of the relevant Cut-off is informed
Details	23 57	LF	CHAR(n)	1	Fixed Value: LF	M	LF = Line Feed (x'0A')
Record Type "Calculation Data" (Not informed if the Status of the penalty is REMO)							
(…)							

UHB:

2.4.1.23 Available Report – List of Modified Penalties - Details Screen

Field Description

(…)

Related Transactions
References

Account Owner Reference	Shows the reference of an instruction as assigned by the T2S Delivering/Receiving Party.
Account Servicer Reference	Shows the reference of an instruction as assigned by the CSD.
Market Infrastructure Reference	Shows the T2S settlement instruction identification.
Third Party Reference	Shows the reference assigned by the Third Party, if any.
Common Reference	Shows the reference of the Settlement Instruction this Settlement Instruction is matched with.
Corporate Action Event Identification	Shows the identification assigned by the account servicer to unambiguously identify a corporate action event
T2S Matching Reference	Shows the reference provided by T2S when the instruction is matched.
Reference Owner BIC	Shows the BIC of the instructing party of the settlement instruction.

Other details (displayed only for Penalties with Reason "NEWP")	
Securities Transaction Type	Shows the securities transaction type expressed as an ISO 20022 code from the possible values: l AUTO (for auto-collateralisation) l BSBK (for buy sell back) l BYIY (for buy-in) l CLAI (for market claim) l CNCB (for central bank collateral operation) l COLI (for collateral in) l COLO (for collateral out) l CONV (for depository receipt conversion) l CORP (for corporate action) l ETFT (for exchange traded funds) l FCTA (for factor update) l INSP (for move of stock) l ISSU (for depository receipt issue) l MKDW (for mark down) l MKUP (for mark up) l NETT (for netting) l NSYN (for non syndicated) l OWNE (for external account transfer) l OWNI (for internal account transfer)

Related Transactions	
	I PAIR (for pair off)
	I PLAC (for placement)
	I PORT (for portfolio move)
	I REAL (for realignment)
	I REBL (Rebalancing
	I REDI (for withdrawal)
	I REDM (for redemption)
	I RELE (for depository receipt release cancellation)
	I REPU (for repo)
	I RODE (for return delivery without matching)
	I RVPO (for reverse repo)
	I SBBK (for sell buy back)
	I SBRE (for borrowing reallocation)
	I SECB (for securities borrowing)
	I SECL (for securities lending)
	I SLRE (for lending reallocation)
	I SUBS (for subscription)
	I SWIF (Switch From)
	I SWIT (Switch To)
	I SYND (for syndicate underwriters)
	I TBAC (for TBA closing)
	I TRAD (for trade)
	I TRPO (for triparty repo)
	I TRVO (for triparty reverse repo)
	I TURN (for turnaround)
Intended Settlement Date	Shows the date at which the instruction becomes eligible to be submitted to settlement.
Securities Account Number	Shows the identification of the Securities Account of the Settlement Instruction.
Account Owner BIC	Shows the actual value for the party code owner of the Securities Account.
Securities Movement Type	Shows whether the movement on a securities account results from a deliver or a receive instruction. The possible values are: I DELI – Delivery I RECE – Receipt
Payment type code	Shows how the transaction is to be settled. The possible values are: I APMT – Against payment settlement I FREE – Separate settlement
Unit Quantity	Shows the unit quantity of securities failed to be delivered.

Related Transactions	
FAMT Quantity	Shows the FAMT quantity of securities failed to be delivered.
Dedicated Cash Account Number	Shows the Dedicated Cash Account as per SF1 (if APTM)
DCA Owner BIC	Shows the BIC of the T2S party owning the Dedicated Cash Account. Only in case of settlement instructions against payment.
Amount	Cash amount failed to be delivered, and its corresponding currency. In case the instruction was partially settled at the moment of the end of cut-off processing used for the calculation of the SEFP, it is the remaining amount at that point in time. For LMFPs it is the matched amount.
Credit/Debit	It must be present when the Original Settlement Amount has a value. The possible values are: I DBIT (Debit) I CRDT (Credit)
Acknowledged Status TS	Shows the Calendar Date when the acceptance (SF1) of the settlement instruction has occurred
Matched Status Timestamp	Shows the Calendar Date when the matching (SF2) of the settlement instruction has occurred
Failed Reason	T2S sends this status when the Settlement Instruction has not been completely settled and the settlement is not possible at the Intended Settlement Date. It is only provided in case of 'SEFP'
Additional Reason	Shows the combination of the associated business rule and reason code reference, It is only provided in case of 'SEFP'
BD Event Identification	Shows the code identifying the event (i.e. Cut-off- Code identifying the event) It is only provided in case of 'SEFP'
Scheme Name	Shows the name of the scheme. Fixed content to 'EVTP' It is only provided in case of 'SEFP'
Issuer	Shows the entity assigning the identification. Fixed content to 'T2S' It is only provided in case of 'SEFP'
Scheduled Time	Shows the effective time for the schedule of the cut-off It is only provided in case of 'SEFP'
Start Time	Shows the effective time for the trigger of the cut-off It is only provided in case of 'SEFP'
End Time	Shows the effective time for the closure of the Cut-off

Related Transactions
It is only provided in case of 'SEFP'

T2S Specific Components		Common Components	
LCMM			
	Instructions validation		
	Status management		
	Instruction matching		
	Instructions maintenance		
X	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 Management, Communication for SDMG, Scheduler, Billing)*			
	Communication		
	Outbound 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		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)*	
X	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	3.4.7.3. Description of the functions of the module	Include, in the Report preparation for Modified Penalties, the preparation of the tables with the necessary information about the underlying Settlement Instruction for penalties with Reason NEWP.
Impacted UDFS chapter	1.6.1.14.7. Recalculation	In the example for the Insertion of Security Subject to Penalties, indicate that the List of Modified Penalties Report will include block "Related Transaction" for the impacted penalties, with Reason "NEWP".
	3.3.7.22.3. The message in its business context	Indicate that "Transaction Details" block will be informed for penalties with Reason "NEWP". Update Message Usage Example 3, to include block "Transaction Details" for Penalties 12 and 13 with Reason "NEWP". Update the accompanying .xml file.
	4.10.2. List of Modified Penalties – Flat File format specifications	In the "Format of Records" table add in the record type "Details" the fields equivalent to the ISO "Transaction Details" block to be informed when penalties have reason NEWP
Additional deliveries for Message Specification (UDFS, MyStandards, MOP contingency templates)	Message Usage Example 3 xml file	Add "Transaction Details" for penalties 12 and 13 with Reason "NEWP"
	Semt.044 Usage Guideline	Update T2S use of "Transaction Details"
UHB	2.4.1.23. Available Report List of Modified Penalties	Add "Other Details" to block "Related Transactions" in table "Field Description", for penalties with Reason "NEWP".
External training materials		
Links with other requests		
Links	Reference		Title	

Summary of functional, development, infrastructure and migration impacts

The Penalty Mechanism must be enhanced to report, in the List of Modified Penalties, the information block "Transaction Details", only in case of penalties with Reason "NEWP".

This requires updating the Penalty Reporting processes for the List of Modified Penalties, so the Transaction Details information is retrieved and stored for penalties with Reason "NEWP".

The new possibility to have this information block in the Related Transaction information for the List of Modified Penalties must be updated in the T2S Use of the message in MyStandards, and the equivalent block must be added to the Flat File, as well as updating the UDFS examples where a Penalty gets Reason NEWP.
One of the accompanying xml examples published on MyStandards must be updated.

Furthermore the Flow for List of Modified Penalties will be updated. The block transactions details information will be added for List of Modified Penalties.

Volumetric assumptions:
Given that the business cases for which a penalty is calculated late and reported for first time (i.e. with reason "NEWP") in the List of Modified Penalties should occur only in very special circumstances (i.e. either a financial instrument becomes subject to cash penalties with a "Valid from" in the past, or a contingency scenario where the calculation process is skipped and recovered by the recalculation process of a following business day via incident management), the average volume of information to be provided daily by this report should not be affected by this CR.

Main Cost Drivers:

- Updating the Penalty Reporting processes for the List of Modified Penalties, so the Transaction Details information is retrieved and stored for penalties with Reason "NEWP";

- Adding the Transaction Details information fields to the Flat File for the List of Modified Penalties; - Adding the Transaction Details fields to the screen Available Report – List of Modified Penalties;	
Impact on other TARGET Services and projects	
ECMS: no impact TIPS: no impact CSLD: no impact TARGET2: no impact	
Summary of project risk	
None	
Security analysis	
No potentially adverse effect has been identified during security assessment.	

target | T2S

15 June 2021

Cost assessment on Change Requests

T2S-760-SYS – T2S Penalty Mechanism: Reporting the transaction details for new penalties in the List of Modified Penalties			
One-off	Assessment costs* - Preliminary - Detailed	2,000.00 10,000.00	Euro Euro
One-off	Development costs	123,581.98	Euro
Annual	Operational costs - Maintenance costs - Running costs	 10,791.69 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).