Final Summary

Teleconference of the Change Review Group

24 February 2016, from 09:00 to 11:00

held at the European Central Bank

1. Introductory session

The Chairperson, Karen Birkel, welcomed the participants. The Chairperson informed that the main objective of the teleconference was to finalise the intended scope for R1.3. The agenda also included detailed assessment of CR-585 and a UTSG topic.

The Chairperson informed that the technical workshop on cash forecast and message optimisation held on 23 February 2016 was a good information gathering and exchange session. The outcome of the workshop will be shared with the CRG in the coming days.

2. Prioritisation of Change Requests for T2S Release 1.3

The CRG identified following 13 Change Requests as candidates for the Release 1.3 (see details below). The 4CB agreed to provide the preliminary assessment (High/Medium/Low) and detailed assessment delivery planning proposal for these CRs to be presented in the CRG meeting of 10 March 2016.

Nbr	CR Number	CR Title
1	T2S-0573-SYS	Reporting of actually impacted securities Sub-Balance Type in settlement confirmation and intra-position movement confirmation
2	T2S-0564-SYS	T2S should also validate the counterparty's securities account in a unmatched settlement instruction
3	T2S-0549-SYS	Alignment of partial settlement reporting with SMPG standards
4	T2S-0548-SYS	CB access to CMB securities account link list query

5	**T2S-0496-SYS**	Add "Corporate Action Event Identifier" and reason code "Cancellation due to transformation" in sese.024
6	**T2S-0355-URD**	New account flag "negative position only"
7	**T2S-0576-SYS**	Handling of leading and trailing "blanks" and "/" in A2A and U2A attributes
8	**T2S-0565-SYS**	T2S should allow CSDs to remove links in instructions under COSD
9	**T2S-0560-SYS**	T2S query/reporting functionality must be enhanced to allow the retrieval of the settlement instructions impacted by insolvency and their related SF1 (accepted) /SF2 (matched) timestamps in an efficient and standard way
10	**T2S-0593-URD**	Prevent acceptance (i.e. reaching SF1) of new settlement instructions at the level of a T2S Party
11	**T2S-0595-SYS**	Allow settlement restrictions to impact positions other than the earmarked restriction type used at the securities account level
12	**T2S-0534-SYS**	CFI code of a security should be modifiable
13	**T2S-0597-SYS**	T2S should identify static data-related transmissions for Central Bank auto-collateralisation and client-collateralisation separately for billing process

Action Points:

- The 4CB will provide a preliminary assessment (High/Medium/Low) and detailed assessment delivery planning proposal of 13 Change Requests considered as candidates for the Release 1.3 as well as the potential delivery dates for their detailed assessment, as a table document for the CRG meeting of 10 March 2016

T2S-0573-SYS (Reporting of actually impacted securities Sub-Balance Type in settlement confirmation and intra-position movement confirmation)

The aim of the CR is an accurate reporting of the actually impacted balances for the settlement must be ensured. Therefore, sese.025 (settlement confirmation) messages and semt.015 (intra position movement confirmation) messages should report the position impacted by settlement.

The CRG agreed to keep the Change Request as candidate for Release 1.3.

CRG decision: The CRG decided to put Change Request on hold as a candidate for Release 1.3

T2S-0564-SYS (T2S should also validate the counterparty's securities account in a unmatched settlement instruction)

The aim of the Change Request is to adjust the business rules in T2S to validate the counterparty's securities account in a unmatched settlement instruction. Adjustment is required in Business rules MVCV001/002/273/274/280/281 so that the validations in these rules are performed for both delivering and receiving settlement instructions.

The CRG agreed to keep the Change Request as candidate for Release 1.3.

CRG decision: The CRG decided to put Change Request on hold as a candidate for Release 1.3

T2S-0549-SYS (Alignment of partial settlement reporting with SMPG standards)

The aim of the Change Request is to follow the SMPG standards on reporting of Cumulative Amount/Quantity in the statement of transaction (semt017) and in statement of settled intra-position movements (semt.016).

The ECB informed that the Change Request was updated to include requirements for the flat file.

The CRG agreed to keep the Change Request as candidate for Release 1.3.

CRG decision: The CRG decided to put Change Request on hold as a candidate for Release 1.3

T2S-0548-SYS (CB access to CMB securities account link list query)

The aim of the Change Request is allow Central Banks to query CMB securities account links related to DCAs under their data scope.

The CRG agreed to keep the Change Request as candidate for Release 1.3.

CRG decision: The CRG decided to put Change Request on hold as a candidate for Release 1.3

T2S-0496-SYS (Add "Corporate Action Event Identifier" and reason code "Cancellation due to transformation" in sese.024)

The aim of the Change Request is to add the field Corporate Action Event Identification (CorpActnEvtId) in the Transaction Details (TxDtls) sequence of the sese.024.

A CRG member expressed that the Change Request was important for the final wave CSD.

The CRG agreed to keep the Change Request as candidate for Release 1.3.

CRG decision: The CRG decided to put Change Request on hold as a candidate for Release 1.3

T2S-0446-SYS (Blocking of U2A interface for submitting new instructions to T2S during reconciliation process post RAD (Recovery After Disaster))   OMG feedback awaited

The aim of the Change Request is Develop a functionality to allow the T2S Operator to prevent the submission and verification of new U2A instructions restrictions and cancellations for cash and securities, in the T2S GUI. The modification of instructions including priority, partial settlement, linkage, hold and release, etc. should also be prevented. However, the T2S GUI should still be available, supporting the usage of the GUI for monitoring (displaying the status)

The CRG took note of the OMG opinion that the deployment of this Change Request should be no later than Release 2.0, considering that the likelihood of the related scenario is low, but the potential is very high.

The CRG agreed to put the Change Request on hold for Release 2.0

CRG decision: The CRG decided to put the Change Request on hold for Release 2.0

T2S-0355-URD (New account flag "negative position only")

The aim of the Change Request is to add a new option to the "negative position indicator" which indicates that only negative positions can be held in that account. Currently the options 'only positive positions' and 'positive as well as negative positions' are present.

The CRG took note of the OMG opinion that this change request should be deployed as a preference in Release 1.3, from an operational point of view.

The CRG agreed that the Change Request should be updated to include a simpler solution to allow only negative positions on issuance and mirror account keeping the existing flags to avoid impact on ISO message. The CR initiator agreed to update the Change Request by the end of the week.

The CRG agreed to keep the Change Request as candidate for Release 1.3.

CRG decision: The CRG decided to put Change Request on hold as a candidate for Release 1.3

Action Points:

- The CR initiator will update the CR before end of this week to include simplified solution of flagging issuance and mirror account as the accounts allowing only negative positions(instead of negative and positive allowed), which will be followed by a CRG written procedure to agree on the updated CR.

T2S-0576-SYS (Handling of leading and trailing "blanks" and "/" in A2A and U2A attributes)

The aim of the Change Request is to prohibit the use of leading blanks followed by "/" at the beginning or trailing blanks preceded by "/" to ensure valid outbound messages.

A CRG member explained that without this Change Request, T2S Actors would require to operationally handle rejections of T2S inbound messages due to invalid message schema.

The CRG agreed to check with the OMG whether they can live with current T2S behaviour and consider the Change Request for Release 2.0 of T2S.

The CRG agreed to keep the Change Request as candidate for Release 1.3, subject to the OMG feedback.

CRG decision: The CRG decided to put Change Request on hold as a candidate for Release 1.3

Action Points:

- The CRG will to check with the OMG on the urgency of the Change Request from operational point of view.

T2S-0557-SYS (Skip validations on minimum settlement unit (MSU) and settlement unit multiple (SUM) for settlement instructions related to Market Claims and Transformations)

The aim of the Change Request is to skip the check related to the minimum settlement unit (MSU) and settlement unit multiple (SUM) in case of claims and transformations related instructions (i.e. Settlement instructions with ISO Transaction code "CLAI" or settlement transaction condition code "TRAN").

The CRG took note of the CASG feedback on the questions related to definition of fractions and fraction handling for market claims and transformations. CASG provided the definition of the fraction that "a fraction entitlement is a numerical quantity which is either less than 1 when the MSU/SUM is greater or equal to 1, or less than 0.x when the MSU/SUM is below 1". The CAGS feedback goes in to the direction that if no restrictions with regards to the amount, which can be held or traded, should be applied at the settlement level then the override of MSU and SUM validation checks should be allowed for market claims and transformations.

The CRG members agreed to provide their feedback on the CASG opinion.

A CRG member representing CCP who expressed that the Change Request was important agreed to check if the CR is really needed for Release 1.3.

The CRG agreed to put the Change Request on hold for Release 2.0

CRG decision: The CRG decided to put the Change Request on hold for Release 2.0

Action Points:

- A CRG member (LCH) to check with the Corporate Action experts within their institution whether they can live without the CR, considering they are already live and dealing with current T2S behaviour through workarounds.

- The CRG members will provide feedback on the CASG opinion related to the topic of fractions handling and CR-557.

T2S-0565-SYS (T2S should allow CSDs to remove links in instructions under COSD)

The aim of the Change Request is to allow CSDs to remove links in instructions under COSD.

The CR initiator explained that the Change Request was updated to include a new solution to allow CSDs to remove links in instructions under COSD. The new solution would offer flexibility to CSDs to manage the COSD instruction as well as simplify the implementation of the Change Request.

The 4CB explained that the new solution (which amends the business rule to allow CSDs to remove linkage from the COSD instruction) would not be simpler than the earlier solution as it would require amending the rules not only in LCMM but also in the settlement module.

Another CRG member expressed that they support the Change Request for Release 1.3, though it does not completely solve the COSD / linkage interference problem for which the CRG member proposed

a longer term solution. The CRG member agreed to discuss the longer term solution in the CRG meeting of 10 March 2016.

The CRG agreed to keep the Change Request as candidate for Release 1.3.

CRG decision: The CRG decided to put Change Request on hold as a candidate for Release 1.3

T2S-0560-SYS (T2S query/reporting functionality must be enhanced to allow the retrieval of the settlement instructions impacted by insolvency and their related SF1 (accepted) /SF2 (matched) timestamps in an efficient and standard way)

The aim of the Change Request is to allow the retrieval of the settlement instructions impacted by insolvency and their related SF1 (accepted) /SF2 (matched) timestamps in an efficient and standard way.

The 4CB presented their analysis on following three proposed solutions.

- Solution I: Inform SF1 & SF2 timestamp in sese.024 message including the SF1 and SF2 into the sese.024 in a supplementary data field (A2A)

- Solution II - In A2A: Include SF1/SF2 exact timestamps in the response message semt.027 – Securities Settlement Transaction Query Response

- Solution III - In U2A: Include SF1/SF2 exact timestamps in the U2A screen in an easy downloadable File format

The 4CB explained that the initial analysis shown that the Solution I has high risk and high effort, the Solution II has regression/integration impact therefore they prefer the Solution III which has medium effort and could be possible to implement in Release 1.3.

A CRG member was not in favour of Solution I as they does not subscribe to sese.024 messages for the DCPs. The CRG member was in favour of Solution III subject to performance of the query response.

The CRG acknowledged that no solution was ideal and Solution III was a tactical solution whereas Solution I can be seen as a long term solution to provide SF1 and SF2 timestamps via ISO CRs. The CRG agreed to update the Change Request to include Solution III.

The CRG agreed to keep the Change Request as candidate for Release 1.3.

CRG decision: The CRG decided to put Change Request on hold as a candidate for Release 1.3

Action Points:

- The Change Request will be updated with proposed Solution III (In U2A: Include SF1/SF2 exact timestamps in new U2A screen in an easy downloadable File format)

- The CRG will discuss longer term solution in the CRG meeting of 10 March 2016.

T2S-0593-URD (Prevent acceptance (i.e. reaching SF1) of new settlement instructions at the level of a T2S Party)

The aim of the CR is to trigger rejection of new incoming settlement instructions based on a flag set at the level of a T2S Party in case of insolvency.

A CRG member explained that the Change Request was raised as supplement to the Change Request T2S-0558-URD (Enhance functionality to prevent acceptance (i.e. reaching SF1) of new settlement instructions based on the T2S dedicated cash account or securities account) raised by the CSG task force on insolvency to extend the configuration restriction at Party level for both CSD participants and payment banks.

The CRG agreed to keep the Change Request as candidate for Release 1.3.

CRG decision: The CRG decided to put Change Request on hold as a candidate for Release 1.3

Change Request T2S-0595-SYS (Allow settlement restrictions to impact positions other than the earmarked restriction type used at the securities account level)

The aim of the CR is to allow settlement restrictions to impact positions other than the earmarked restriction type used at the securities account level so that T2S should make no transformation of securities settlement restrictions when either the 'Balance from' or 'Balance to' contains the restriction type used at the securities account level.

A CRG member explained that the Change Request would facilitate the participants to manage securities positions and pending instructions when changing the earmarking at account level. Another CRG member also supported the Change Request.

It was clarified that when an earmarking at account level is changed, the pending instructions on that account do not consider the new restriction type used for the earmarking of account for the settlement. A CRG member expressed that this behaviour was not explained in the UDFS.

The CRG agreed to keep the Change Request as candidate for Release 1.3.

CRG decision: The CRG decided to put Change Request on hold as a candidate for Release 1.3

Change Request T2S-0534-SYS (CFI code of a security should be modifiable)

The aim of the Change Request is to allow changing CFI code of an existing security in T2S static data.

The CRG took note that some CSDs informed the possibility of CFI code changes in their markets in the CRG written procedure following the meeting of 8-9 February 2016. The frequency of the CFI codes was not certain in most of the markets.

A CRG member from final wave specifically asked for this Change Request to be considered for Release 1.3. Therefore, the Change Request will be re-discussed in the context of Release 1.3.

CRG members confirmed that the "Country of issuance" should also be made modifiable in addition to the CFI code. The CRG agreed that though country of issuance is used for validations in T2S, a change in the country of issuance need not trigger automatic revalidation of the pending instructions

to keep the scope of the Change Request simpler. The CR initiator agreed to update the Change Request to include country of issuance as modifiable attribute in addition to the CFI code.

The CRG agreed to check with the T2S Operator whether they could handle a request to change the CFI code and country of issuance until the CR-534 is implemented.

The CRG agreed to include the Change Request as candidate for Release 1.3 if the CR does not have impact on other CRs in Release 1.3.

CRG decision: The CRG decided to put Change Request on hold as a candidate for Release 1.3

Action Points:

- The CR initiator will update the CR to include "country of issuance" field as modifiable and to indicate that no revalidation of settlement instructions would be needed for modification of country of issuance.

- The 4CB will provide T2S Operator's view on the conditions under which an operational procedure would be deemed feasible, in the CRG meeting of 10 March 2016

Change Request T2S-0503-SYS (T2S Actor Reference and T2S Reference of counterparty's settlement instruction should be included in T2S messages sese.024, sese.025 and sese.032 after matching)

The aim of the Change Request is to provide counterparty's T2S actor reference and counterparty's T2S reference (i.e. counterparty's Market Infrastructure Transaction Identification - MITI) in the receiving/delivering parties block or the message's supplementary data in the post-match status advice (sese.024), settlement confirmation (sese.025) and T2S generated realignment instruction (sese.032).

A CRG member explained that the references provided by the Change Request would help them to identify the realignment messages related to one business case.

The CR initiator suggested that if the Change Request was not needed by other CSDs then it could be considered as a specific Change Request instead of common.

The CRG acknowledged that it is a high impact Change Request and the CRG agreed to put the Change Request on hold for Release 2.0.

CRG decision: The CRG decided to put the Change Request on hold for Release 2.0

T2S-0597-SYS (T2S should identify static data-related transmissions for Central Bank auto-collateralisation and client-collateralisation separately for billing process)

The aim of the Change Request is to allow distinguishing both, the auto-collateralisation service offered by CBs and the operations for maintaining the client-collateralisation offered by payment banks.

The ECB financial team representative explained that the Change Request would allow accommodating future pricing policy changes for both services as they tend to be considered in

parallel and distinctively. As the pricing of auto-collateralisation services in T2S is closely linked to the Eurosystem's policy on provision of auto-collateralisation services, the new functionality shall have the flexibility embedded to add or remove these operations to/from the T2S billing process.

A CRG member expressed that the Change Request is important to facilitate future pricing policy changes. The 4CB indicated that the Change Request could be of medium impact nature. The CRG agreed to decide on 10 March 2016 whether to include the Change Request in Release 1.3, depending on the impacts on other Change Requests for Release 1.3.

The CRG agreed to keep the Change Request as candidate for Release 1.3.

CRG decision: The CRG decided to put Change Request on hold as a candidate for Release 1.3

Change Request T2S-0580-SYS (Additional automatic intraday reimbursement of NCB auto collateralisation instructions)

The aim of the Change Request is to introduce an additional "automatic" intraday reimbursement process (via subscription) at noon and 3pm (or other slot) for Central Bank auto-collateralisation.

French market already has such features for optional automatic reimbursements intra-day and therefore they would like to have this implemented as soon as possible to maintain the service levels.

The CR initiator explained that the Change Request would benefit the auto-collateralisation process and the Change Request may include low implementation efforts.

A CRG member expressed that the Change Request should be implemented as optional reimbursement. Another CRG member supported the Change Request though not urgent for Release 1.3 but as a nice to have feature.

A CRG member expressed that they have a different requirement for settling the pending reimbursement instructions in case of insufficient cash instead of the instructions with the smallest amounts to be reimbursed in priority to Release the highest number of instructions. The CRG member agreed to check bilaterally with the CR initiator to clarify on their requirements.

The CRG acknowledged that the Change Request was not a showstopper for Release 1.3. and the CRG agreed to put the Change Request on hold for Release 2.0.

CRG decision: The CRG decided to put the Change Request on hold for Release 2.0

Action Points:

- A CRG member (LCH) will bilaterally discuss with CR initiator to clarify on their requirements related to insufficient cash for releasing pending reimbursement instructions.

3. Analysis of the Change Requests

The participants went through the Change Request and made following recommendation.

Change Request T2S-585-SYS (Apply pagination at <Ntry>-level instead of at <Stmt>-level in camt.053 (Statement of Accounts))

The aim of the Change Request is to move pagination in camt.053 (Statement of Accounts) from <Stmt> to another level. In case the information for the camt.053 exceeds 32 MB it has to be split at <Ntry>-level instead of at <Stmt>-level. The camt.053 will thus not be split anymore at the first repetitive element.

The 4CB presented the detailed assessment of the Change Request which has project phase cost of 68,562.96 EUR and annual Running costs of 5,636.64 EUR. The earliest proposed delivery date for the Change Request in EAC was 27 May 2016.

The CRG recommended the approval of the Change Request and addition of the Change Request in Release 1.1.5.

CRG decision: The CRG recommended the approval of the Change Request and addition of the Change Request in Release 1.1.5.

4. Input requested by the User Testing Sub-group

UT-PBR-069 (Update Delete of Certificate DN - INC170876/ INC172896)

This discussion was postponed to the CRG meeting of 10 March 2016 due to lack of time.

5. Any other business

Delivery plan of Change Requests implemented since October 2014 and upcoming Changes

The list of Change Requests implemented since October 2014 and upcoming Changes was shared with the CRG for information.