EUROPEAN CENTRAL BANK

EUROSYSTEM

T2S CHANGE REQUEST FORM

General Information (Origin of Request)
☒ User Requirements (URD) or GUI Business Functionality Document (BFD)
☐ Other User Functional or Technical Documentation (SYS)

Request raised by: ECB	**Institute:** ECB	**Date raised:** 01/07/2015
Request title: One close link database for Eurosystem NCBs and separate database per non-EUR currency		**Request No.:** T2S 0530 URD
Request type: Common	**Classification:** Scope enhancement	**Urgency:** Normal
1. Legal/business importance parameter: Medium		**2. Market implementation efforts parameter:** Low
3. Operational/Technical risk parameter: Low		**4. Financial impact parameter:** Medium
Requestor Category: ECB		**Status:** Implemented

Reason for change and expected benefits/business motivation:

T2S provides the auto-collateralisation functionality to Payment Banks, for which the NCBs will act as collateral receivers. The auto-collateralisation functionality is also provided to clients of Payment Banks ('client collateralisation'), for which the Payment Banks will act as collateral receivers. In both variants the credit consumers have the responsibility to refrain from delivering collateral which is issued by debtors with which they have a so-called 'Close Link'. The auto-collateralisation (and client collateralisation) functionality of T2S contains the ability to perform an ex-ante check on the potential existence of such a close link.

According to the current design of T2S this ex-ante check is however based on one Close Link Database within T2S and would have to be used for (NCB) auto-collateralisation as well as for client-collateralisation. For a number of reasons this is not deemed acceptable by the Eurosystem NCBs. Therefore, on the initiative of Banca d'Italia a Change Request was submitted to the CRG in October 2013 (T2S 0436 URD 'Client-collateralisation: allow payment banks to set up their own list of close links') to realise at least a separate close link database to handle the ex-ante close link check for client-collateralisation.

After the Go-Live of the Eurosystem Collateral Management System (ECMS), the separate close link database for Eurosystem (NCB) auto-collateralisation used by T2S will replicate the one maintained in ECMS. Meaning that any modification (i.e. creation or removal of a close link) performed by a Eurosystem NCB user should be done first in ECMS and only thereafter ECMS will transmit it to T2S. For the removal of a close link in T2S a new A2A message is needed, it has already been requested in the Change Request T2S 0572 SYS A2A message to remove close links.

In the analysis for CR 436 for original set-up of the ex-ante close link check within T2S, it was agreed that a complementary Change Request is needed. It will reflect the vision of the Eurosystem NCBs on the required set-up for close links database for the NCBs and some aspects on the Out-NCBs close link data.

Description of requested change:

The CR adds the requirement for one common close link database for all Eurosystem NCBs in T2S.

This change request specifies the needs of the Eurosystem NCB auto-collateralisation close link database. It should be implemented as one database used by all Eurosystem NCBs in T2S

- The source of the close links data for the single Eurosystem NCBs T2S Close Link database will be the ECMS data feed to T2S. The link between the Close Link and the respective T2S Settlement Currency will be defined by means of a new Credit Provider Party field referencing the responsible NCB. The related solution is described in CR436.
- In case of contingency situations, the T2S operator will be able to modify the common close link database for all Eurosystem NCBs and when required provided that the modification has been already performed in ECMS. The modifications must be logged via audit trails, and any market specific modifications apply to all the NCBs commonly.

- The following U2A query about close links is supported by T2S and can be accessed by Eurosystem NCBs:
  - a. Current U2A query 'Close Links - Search/List Screen' for the CLD should be available for Eurosystem NCBs with data scope of the segregated database.
- It must be possible to have a close link database per non-EUR T2S settlement currency in which the ex-ante check for auto-collateralisation by the relevant Out-NCBs to Payment Banks is provided.

The single Eurosystem NCB Close Link database can include financial instruments denominated in currencies different from EUR. The Out-NCBs could make use of the common Eurosystem NCB Close Links database in case of securities settlement in EUR provided certain conditions[1] are met.

Submitted annexes / related documents:

CR436: "Client-collateralisation: allow payment banks to set up their own list of close links"

Outcome/Decisions:

*CRG meeting of 28 October 2015: The CRG decided to put the Change Request on hold and agreed that the Change Request T2S-0530-URD could be a potential candidate 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 and that there are synergies with the Change Request T2S-0436-URD (Client-collateralisation: allow payment banks to set up their own list of close links) and Change Request T2S-0572-SYS (A2A message to remove close links), therefore a joint implementation is favourable.

* CRG meeting on 4 July 2018: The CRG agreed to update the CR and recommend to the Steering Level the availability of the CR for release allocation.

* AMI SeCo on 16 July 2018 (written procedure): The AMI-SeCo agreed to the recommendation of the CRG

* CSG on 17 July 2018 (written procedure): The CSG confirmed the availability of the CR for release allocation.

* MIB on the 12 September 2018: The MIB has approved updates on this Change Request.

* PMG on 5 March 2020: The PMG proposed the allocation of this CR to T2S release 5.0

* CRG on 2 July 2020: The CRG agreed to recommend to the PMG the inclusion of the CR in R5.2.

* PMG on 10 July 2020: The PMG recommended the inclusion of the CR in the STP for R5.2. for approval by the Steering Level.

* CSG on 7 August 2020: The CSG approved the inclusion of the CR in R5.2.

* NECSG on 7 August 2020: The NECSG approved the inclusion of the CR in R5.2.

* MIB on 27 August 2020: The MIB approved the inclusion of the CR in R5.2

* OMG on 27 October 2020: The OMG identified a potential operational impact on the T2S MOP.

* CRG on 19 January 2021: The CRG agreed to update the CR (message documentation)

* OMG on 27 January 2021: the OMG confirmed the earlier operational assessment of CR-530

* OMG on 3 June 2021: the OMG confirmed the earlier operational assessment of CR-530

Documentation to be updated:

The following changes are based on the solution identified for CR436.

The changes proposed by the change request will be included in the pertinent URD at the time of implementation. Referred pages are based on URD v6.0.

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[1] The ECB Market Infrastructure and Payment Committee (MIPC) defines the relevant conditions. Upon request from an out-NCB, the MIPC will be invited to take a decision on whether the out-NCB fulfil these conditions.

URD 6.3.2 Specific requirements resulting from intraday credit out of auto-collateralisation (Information on eligible securities):

Reference ID	T2S.06.720

T2S shall receive information on eligible collateral, and closed links from a Eurosystem central database every time when they are updated (normally once per settlement day).

This information will enable T2S to calculate the collateral value in line with the rules of the Eurosystem in order to process auto-collateralisation in a very short timeframe.

It shall also be possible to receive information on eligible collateral and close links from NCBs that do not belong to the Eurosystem in order to make use of auto-collateralisation for settlement in non-euro currencies using the same interface.

Furthermore, payment banks shall also provide eligible collateral data for client-collateralisation purposes.

URD 16.8.8 (Close links) (last paragraph)

Reference ID	T2S.16.690

[..]

An attribute in the securities reference data in T2S will define a security as eligible for collateralisation for central bank money. However, this information will be insufficient to identify cases where a T2S party issues or guarantees an asset or where it has close links with another entity. T2S shall store the identifiers of all securities that are eligible for collateralisation, but not for a specific T2S party, in the party static data. An automated interface shall provide these data to T2S on a daily basis from the relevant Eurosystem database.

To identify cases where there are close links between the credit consumer and the security provided as collateral, T2S shall store lists of close links associating T2S parties with the securities to which they have close links. T2S must maintain these data in such a way as to refer to the relevant close links depending on the business scenarios:
    - close links applicable when credit providers are Eurosystem central banks (one list for all non-EUR central banks);
    - close links applicable when credit providers are non-EUR central banks (one list per non-EUR central bank);
    - close links applicable when credit providers are payment banks in client-collateralisation (one list per payment bank).
The close link information sent to T2S by or on behalf of a credit provider should apply only for the valuation of collateral given to that credit provider.

Table 16-25 – List of Attributes for the Close link

Attribute	Description
System Entity Identifier	This attribute shall specify the system entity identifier of the CSD.
Party Identifier	This attribute shall define the unique technical identifier of the T2S party. It shall link the party in the close link to the party static data.
Security Identifier	This attribute shall define the unique technical identifier of a security in T2S. It shall link the security in the close link to the security static data.
Credit Provider Party Identifier	This attribute specifies the unique technical identifier of the credit provider for which the close link information was provided to T2S.

The relevant sections of the UDFS 5.0 should be updated as follows (revision marks are used):

UDFS Section <1.2.3. Auto-collateralisation eligibility, securities valuation and close links>, page 81 "Central Banks and payment banks are responsible for defining the eligibility for auto-collateralisation purpose of the relevant securities, for providing prices for the valuation of securities positions for auto-collateralisation and . Only Central Banks have the option setting up the relevant close links between parties and financial instruments. Close links data set up by a payment bank are applied only to its own client collateralisation transactions."

STATIC DATA OBJECT	RESPONSIBLE T2S ACTOR	MODE
Auto-collateralisation Rule (Payment Bank)	T2S Operator, CB	U2A
Securities auto-collateralisation eligibility	CB, Payment Bank	A2A/U2A
Securities valuation	CB, Payment Bank	A2A/U2A

Close Link	CB, Payment Bank	A2A/U2A

UDFS Section <1.2.3. Auto-collateralisation eligibility, securities valuation and close links> page 84

"Central Banks and payment banks are responsible for defining the rules which allow identifying these links. T2S receives and stores each piece of this information as a "close link" between the relevant participant and financial instrument in order to prevent the participant from using these securities as collateral. For client collateralisation, close links data are applied only to transactions in which the payment bank providing close links data on T2S is the credit provider."

UDFS Section 1.6.3.3.1 Static data objects, page 640

AREA	OBJECT	RESPONSIBLE T2S ACTORS182
Securities	Securities	CSD
	Securities valuation	CB, Payment Bank
	Close link	CB, Payment Bank
	Security CSD link	CSD
	Auto-collateralisation eligibility link	CB, Payment Bank

UDFS Section 3.3.6.21 CloseLinkCreationRequestV01 (reda.027.001.01), page 1348

3.3.6.21   CloseLinkCreationRequestV01 (reda.027.001.01)

3.3.6.21.1 Overview and scope of the message

This chapter illustrates the *CloseLinkCreationRequestV01* message.

The *CloseLinkCreationRequestV01* is sent by CBs, external collateral management systems or payment banks to T2S.

It is used for instructing the creation of a close link by providing details about the close link to be created.

In the response, T2S sends reda.028.001.01 [**Error! Bookmark not defined.**] when the creation of the close link has been successfully processed, queued or has been rejected.

3.3.6.21.2 The T2S-specific schema

Outline of the schema

The message *CloseLinkCreationRequestV01* is composed of the following message building blocks:

MessageIdentification

This building block is mandatory and non repetitive. It must contain an identification assigned by the sending party to uniquely and unambiguously identify the message.

CloseLink

This building block is mandatory and non repetitive. It contains detailed information related to the close link creation message. It includes the following elements:

l   Identification for security;

l   Party for which the close link shall be created;

l   The Party providing credit.

References/Links

The T2S-specific schema and documentation in HTML/PDF format as well as the message examples are provided outside of this document under the following link:

http://www.swift.com/mystandards/T2S/reda.027.001.01_T2S

Business rules applicable to the schema

MESSAGE ITEM	DATA TYPE/ CODE	BUSINESS RULES
CloseLinkCreationRequestV01 Document/ClsLkCreReq	CloseLinkCreationRequestV01	DSC2001 [▷ **Error! Bookmark not defined.**]
SecurityIdentification Document/ClsLkCreReq/ClsLk/SctyId	ISINOct2015Identifier	DSC2030 [▷ **Error! Bookmark not defined.**] DSC2050 [▷ **Error! Bookmark not defined.**]
PartyIdentification Document/ClsLkCreReq/ClsLk/PtyId	SystemPartyIdentification1Choice	DSC2040 [▷ **Error! Bookmark not defined.**]
AnyBIC Document/ClsLkCreReq/ClsLk/PtyId/ OrgId/AnyBIC	AnyBICIdentifier	DSC2050 [▷ **Error! Bookmark not defined.**]
CombinedIdentification /Document/ClsLkCreReq/ClsLk/CdtPr vdrId/CmbndId	SystemPartyIdentification8	DSC2020 [▷ **Error! Bookmark not defined.**]

3.3.6.21.3 The message in business context

Message example: reda.027.001.01_T2S_CreateCloseLink_Example.xml

In this example a CB requests the creation of a close link for security with ISIN "XXABCDEFGHIJ" and party "PARXAABBXXX".

UDFS Section 4.1 Index of Business Rules and Error Codes, page 1416

4.1   Index of Business Rules and Error Codes

BR NAME	DESCRIPTION	INBOUND MESSAGE	REPLY MESSAGE	CODE USE	REASON CODE	ERROR TEXT
DSC2001	When performing a Close Link creation request, the Party Type of the Requestor must be NCB, payment bank or T2S Operator.	reda.027	reda.028		REJT	Requestor not allowed
DSC2020	When performing a Close Link creation request, the Credit Provider Party must refer to an existing and active Party in T2S within the data scope of the requestor with Party Type NCB or Payment Bank.	reda.027	reda.028		REJT	Unknown Credit Provider Party
DSC2050	When performing a Close Link creation request, a link between the same BIC and the same Security for the same Credit Provider must not be already defined.	reda.027	reda.028		REJT	Close Link already defined
DSD2001	When performing a Close Link deletion/restore request, the Party Type of the Requestor must be NCB, Payment Bank or T2S Operator. A user belonging to an NCB can delete/restore only Close Links within their System Entity, while a user belonging to a Payment Bank can delete/restore only Close Links their Party is responsible for.	reda.077	reda.028		REJT	Requestor not allowed
DSD2003	When performing a Close Link delete request, it must refer to an existing Close Link.	reda.077	reda.028		REJT	Unknown Close Link
DSD2014	When performing a Close Link deletion/restore request, the Security Identifier to be restored must refer to an existing instance in T2S	reda.077	reda.028		REJT	Unknown Security

The relevant sections of the GUI User Handbook 5.0 should be updated as follows (revision marks are used):

User Handbook Section 2.5.2.3 Close Links – Search/List Screen, page 671

"This screen is not relevant for ~~payment bank,~~CSD, external CSD or CSD participant users."

User Handbook Section 2.5.2.3 Close Links – Search/List Screen" page 672

The screenshot should be updated as below.
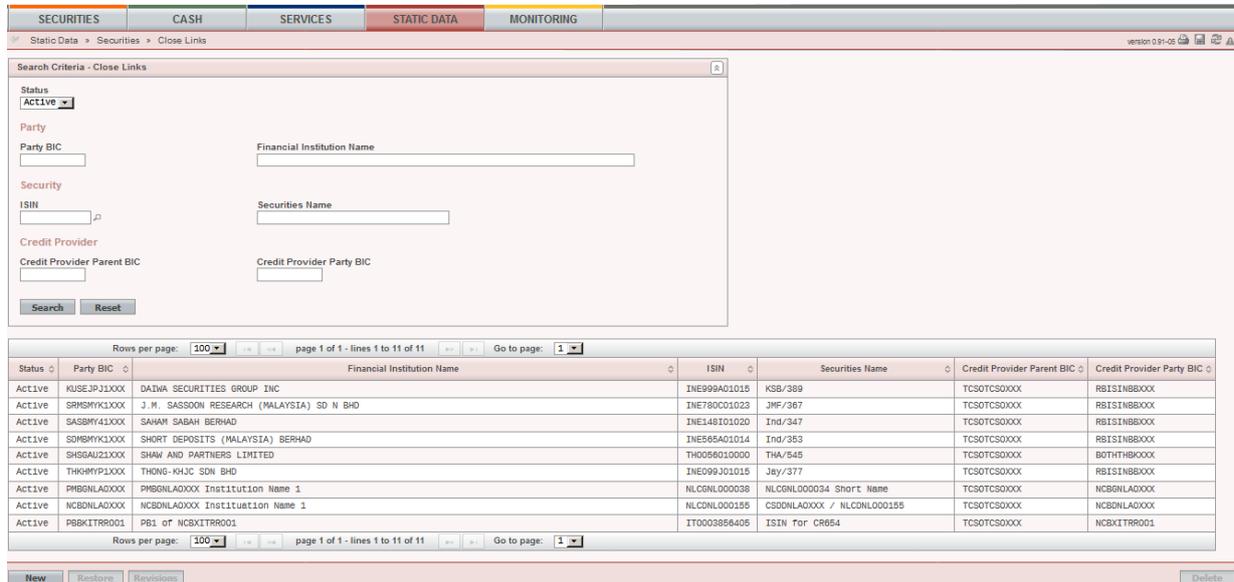
User Handbook Section 2.5.2.3 Close Links – Search/List Screen" page 672

The GUI screen should be updated by adding, in the selection criteria and list items, the party (NCB or payment bank) responsible for the close link(s) as well as the related references for error messages.

Field Description

Close Links – Search Criteria	
Status	Select the status of the close link from the possible values:
	l All
	l Active (default value)
	l Deleted
	References for error messages [▷ **Error! Bookmark not defined.**]:
	l DSD2003
	l DSD2012
Party	
Party BIC	Select the BIC of the party associated to the close link from the drop-down menu or search via the *magnifier* icon.
	Required format is: max. 11 characters (SWIFT-x)
	References for error messages [▷ **Error! Bookmark not defined.**]:
	l DSD2013

Close Links – Search Criteria	
	∎ DSD2015
Financial Institution Name	Enter the short name of the party associated to the close link. Required format is: max. 107 characters (SWIFT-x)
Security	
ISIN	Select the ISIN of the security from the drop-down menu or search via the *magnifier* icon. Required format is: max. 12 characters (SWIFT-x) References for error messages [▸ **Error! Bookmark not defined.**]: ∎ DSD2014 ∎ DSD2015
Securities Name	Enter the short name of the security. Required format is: max. 35 characters (SWIFT-x)
Credit Provider Party	
Credit Provider Parent BIC	Enter the parent BIC of the Credit Provider Party. Required format is: min. 2 characters, max. 11 characters (SWIFT-x) References for error messages [▸ **Error! Bookmark not defined.**]: ∎ DSD2015 ∎ DSD2020
Credit Provider Party BIC	Enter the BIC of the Credit Provider Party. Required format is: min. 2 characters, max. 11 characters (SWIFT-x) References for error messages [▸ **Error! Bookmark not defined.**]: ∎ DSD2015 ∎ DSD2020

Close Links - List	
Status	Shows the status of the close link from the possible values: ∎ Active

Close Links - List	
	I Deleted
	If the status is set to 'Active', the selected close link cannot be restored.
	If the status is set to 'Deleted', the selected close link cannot be deleted.
	References for error messages [▸ **Error! Bookmark not defined.**]:
	I DSD2003
	I DSD2012
Party BIC	Shows the BIC of the party associated to the close link.
	References for error messages [▸ **Error! Bookmark not defined.**]:
	I DSD2013
	I DSD2015
Financial Institution Name	Shows the short name of the party associated to the close link.
ISIN	Shows the ISIN of the security.
	References for error messages [▸ **Error! Bookmark not defined.**]:
	I DSD2014
	I DSD2015
Security Name	Shows the short name of the security.
Credit Provider Parent BIC	Shows the parent BIC of the Credit Provider Party.
	References for error messages [▸ **Error! Bookmark not defined.**]:
	I DSD2015
	I DSD2020
Credit Provider Party BIC	Shows the BIC of the Credit Provider Party.
	References for error messages [▸ **Error! Bookmark not defined.**]:
	I DSD2015
	I DSD2020

Buttons

Search	This function enables you to start a search according to the criteria entered. The results are displayed in a list on the same screen. Next screen: l *Close links – search/list* screen
Reset	This function enables you to set default search criteria and blanks out all optional criteria. Next screen: l *Close links – search/list* screen
New	This function enables you to create a new close link. Next screen: l *Close link – new* screen [▸ **Error! Bookmark not defined.**]

Restore	This function enables you to restore a previously deleted close link.
	Next screen:
	l *Close links – search/list* screen
	If the status of the selected close link is already set to 'Active', this function is not available.
	References for error messages [▷ **Error! Bookmark not defined.**]:
	l DSD2001
	l DSD2012
	l DSD2013
	l DSD2014
	l DSD2015
	l <u>DSD2020</u>
Revisions	This function enables you to display the revisions of the selected close links.
	Next screen:
	l *Revisions/ audit trail - list* screen [▷ **Error! Bookmark not defined.**]
Delete	This function enables you to delete the selected close link, after confirmation.
	Next screen:
	l *Close links – search/list* screen
	If the status of the selected close link is already set to 'Deleted', this function is not available.
	References for error messages [▷ **Error! Bookmark not defined.**]:
	l DSD2001
	l DSD2003

User Handbook Section 2.5.2.4 Close Link – New Screen, page 675

"This screen is not available for ~~payment bank,~~<u>CSD,</u> external CSD or CSD participant users."

User Handbook Section 2.5.2.4 Close Link – New Screen, page 676

The screenshot should be updated as below.

User Handbook Section 2.5.2.4 Close Link – New Screen, page 676

The GUI screen should be updated by adding a mandatory field to select a party (NCB or Payment Bank) responsible for the close link being created. This field should be defaulted to the requestor party if the requestor is a Payment Bank or NCB user. It should also be non-editable if the requestor is a Payment Bank user.

Field Description

Close Link	
Party	
Party BIC*	Select the BIC of the party associated to the close link from the drop-down menu or search via the *magnifier* icon. Required format is: max. 11 characters (SWIFT-x) References for error messages [▷ **Error! Bookmark not defined.**]:
	▎ DSC2040
	▎ DSC2050
Security	
ISIN*	Select the ISIN of the security from the drop-down menu or search via the *magnifier* icon. Required format is: max 12 characters (SWIFT-x), input-sensitive References for error messages [▷ **Error! Bookmark not defined.**]:
	▎ DSC2030
	▎ DSC2050

Close Link	
Credit Provider Party	
Credit Provider Parent BIC*	You can choose to either enter the parent BIC of the Credit Provider Party or to select it from the suggested items in the drop-down menu. You can also search via the *magnifier* icon.
	If the requestor User belongs to a Central Bank or Payment Bank Party, this field is defaulted to that Party's Parent BIC.
	If the requestor User belongs to a Payment Bank Party, this field is read-only.
	Required format is: max. 11 characters (SWIFT-x)
	References for error messages:
	l DSC2020
	l DSC2050
Credit Provider Party BIC*	You can choose to either enter the BIC of the Credit Provider Party or to select it from the suggested items in the drop-down menu. You can also search via the *magnifier* icon.
	If the requestor User belongs to a Central Bank or Payment Bank Party, this field is defaulted to that Party's BIC.
	If the requestor User belongs to a Payment Bank Party, this field is read-only.
	Required format is: max. 11 characters (SWIFT-x)
	References for error messages:
	l DSC2020
	l DSC2050

Buttons

Submit	This function enables you to create a new close link.
	Next screen:
	I *Close links – search/list* screen [▶ **Error! Bookmark not defined.**]
	References for error messages [▶ **Error! Bookmark not defined.**]:
	I DSC2001
	I <u>DSC2020</u>
	I DSC2030
	I DSC2040
	I DSC2050
Cancel	This function enables you to cancel the process and return to the previous screen.
	Next screen:
	I *Close links – search/list* screen [▶ **Error! Bookmark not defined.**]

User Handbook Section 6.3.3.50 Close Link – Search/List Screen, page 1763

Privilege	Privilege Code	Privilege Type	Object Types	Screen Criteria
Close Links Query	SEQ_CloseLinksQuery	~~System~~ <u>Object</u>	~~n/a~~ <u>Party</u>	n/a

User Handbook Section 6.4.2.51 Close Link – New Screen, page 1902

Reference for error message	Field or Button	Error Text	Description
DSC2001	∎ Submit button	Requestor not allowed	When performing a Close Link creation request, the Party Type of the Requestor must be NCB, Payment Bank or T2S Operator.
DSC2030	∎ ISIN field ∎ Submit button	Unknown Security	When performing a Close Link creation request the Linked Security must exist in Security entity.
DSC2020	∎ Credit Provider Parent BIC field ∎ Credit Provider Party BIC field ∎ Submit button	Unknown Credit Provider Party	"When performing a Close Link creation request, the Credit Provider Party must refer to an existing and active Party in T2S within the data scope of the requestor with Party Type NCB or Payment Bank."
DSC2040	∎ Party BIC field ∎ Submit button	Unknown Party	When performing a Close Link creation request the Linked BIC must exist in T2S BIC Directory entity.
DSC2050	∎ Party BIC field ∎ ISIN field ∎ Credit Provider Parent BIC field ∎ Credit Provider Party BIC field ∎ Submit button	Close Link already defined	When performing a Close Link creation request, a link between the same BIC and the same Security for the same Credit Provider must not be already defined.

User Handbook Section 6.4.2.52 Close Links – Search/List Screen, page 1886

Reference for error message	Field or Button	Error Text	Description
DSD2001	l Restore button l Delete button	Requestor not allowed	When performing a Close Link deletion/restore request, the Party Type of the Requestor must be NCB, Payment Bank or T2S Operator. A user belonging to an NCB can delete/restore only Close Links ~~his NCB is responsible for~~within their System Entity, while a user belonging to a Payment Bank can delete/restore only Close Links their Party is responsible for.
DSD2003	l Status field l Delete button	Unknown Close Link	When performing a Close Link delete request, it must refer to an existing Close Link.
DSD2012	l Status field l Restore button	Unknown Close Link	When performing a Close Link restore request, it must refer to an existing and deleted Close Link

Reference for error message	Field or Button	Error Text	Description
DSD2013	I Party BIC field I Restore button	Unknown BIC	When performing a Close Link restore request, the BIC to be restored must refer to an existing instance in T2S BIC Directory
DSD2014	I ISIN field I Restore button	Unknown Security	When performing a Close Link deletion/restore request, the Security Identifier to be restored must refer to an existing instance in T2S
DSD2015	I Party BIC field I ISIN field I Credit Provider Parent BIC field I Credit Provider Party BIC field I Restore button	Close Link already defined	When performing a Close Link restore request, no other record should exist for the same ~~couple~~ Credit Provider, BIC and Securities in T2S.
DSD2020	I Credit Provider Parent BIC field I Credit Provider Party BIC field I Restore button	Unknown Credit Provider Party	When performing a Close Link restore request, the Credit Provider Party must refer to an existing and active Party in T2S within the data scope of the requestor with Party Type NCB or Payment Bank.

High level description of Impact:

A new "Credit Provider" Party field will be introduced in the Close Link object. For Central Bank collateralisation, this field will contain the responsible Central Bank (for EUR Close Links, the European Central Bank Party will be used).

The solution overlaps with the one identified for CR436 ("Client-collateralisation: allow payment banks to set up

their own list of close links") and is described, along with the related impacts, in the CR436 document.

The implementation of the CR prior to the ECMS go-live may theoretically impact existing NCB collateral management systems. However the working assumption is that T2S NCBs are not currently using the T2S Close Link database. Therefore no constraint on the implementation date for the CR is foreseen (i.e. NCBs will not be impacted even if the CR is implemented before the ECMS go-live).

Access rights checks should be adapted so that the ECMS actor is the only one allowed to create/delete Close Links for EUR. In any case, Eurosystem Central Banks should be able to view the list of Close Links defined by the ECMS for them in T2S.

Detailed assessment:

EUROSYSTEM ANALYSIS – GENERAL INFORMATION		

	T2S Specific Components		Common Components
LCMM			
	Instructions validation		
	Status management		
	Instruction matching		
	Instructions maintenance		
	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
X	Securities data management		Securities data management
	Cash account data management		Cash account data management
	Securities account data management		Securities account data management
X	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)*	
	Report management		Report management
X	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
	OMEGA Templates		

Impact on major documentation		
Document	**Chapter**	**Change**
Impacted GFS chapter		
Impacted UDFS chapter	1.2.3 Auto-collateralisation eligibility, securities valuation and close links	Description of the possibility for Payment Banks to manage close links
	3.3.6.21 CloseLinkCreationRequestV01 (reda.027.001.01)	Inclusion of new business rule DSC2020 and inclusion of payment banks in the description.
	1.6.3.3.1 Static data objects	Inclusion of Payment Banks as responsible actors for Close Links.
	4.1 Index of business rules and error codes	Inclusion of new business rule DSC2020, update of business rules DSC2001 and DSC2050.
Additional deliveries for Message Specification	reda.027.001.01 CloseLinkCreationRequest	New input fields for Credit Provider Parent BIC and Party BIC. Inclusion of new business rule DSC2020.
UHB	2.5.2.3 Close Links – Search/List Screen	Inclusion of payment banks and exclusion of CSDs in the description. Screenshot update. New search/list fields for Credit Provider Parent BIC and Party BIC. Inclusion of new business rule DSD2020.
	2.5.2.4 Close Link – New Screen	Inclusion of payment banks and exclusion of CSDs in the description. Screenshot update. New fields for input of Credit Provider Parent BIC and Party BIC. Inclusion of new business rule DSC2020.
	6.3.3.49 Close Link – Search/List Screen (List of Privileges)	Change Close Links Query to object privilege (object type Party)
	6.4.2.51 Close Link – New Screen (references for error messages)	Update of DSC2001 and DSC2050. Inclusion of new business rule DSC2020.
	6.4.2.52 Close Links – Search/List Screen (references for error messages)	Update of DSD2001 and DSD2015. Inclusion of new business rule DSD2020.
Links with other requests		
Links	Reference	CR-0436, CR-0572, CR-0574	Title	

Summary of functional, development, infrastructure and migration impacts

The following impacts refer to the solution identified for CR436 which also covers the requirements of CR530. They are reported here for information purposes. No additional cost for Static Data Management is included in this CR based on the assumption that CR436 is implemented at the same time. If not, the costs related to this CR should

be reviewed.
In order to maintain Close Links for Eurosystem NCBs, an ECMS User should be defined under the ECB Party.

The Close Link object will be enriched with an additional attribute to reference an existing T2S Party labelled "Credit Provider Party Identifier". This field will reference a NCB Party when the Close Link is applied for Central Bank auto-collateralisation (and the ECB Party when the Close Link refers to all Eurosystem CBs) and a Payment Bank when the Close Link is applied for client collateralisation.

The related Static Data backend functions, GUI Screens and A2A message will be modified accordingly.

The access rights criteria for querying Close Links will be updated so that:
- Users of Central Bank Parties can view Close Links within their own System Entity (i.e. those referencing their own Party as well as those referencing any Payment Bank in their community);
- Users of Payment Banks can view Close Links referencing their own Party;
- The "Close Links Query" privilege will be turned into an object privilege (with secured object Party) and the related query will be modified in order to allow Eurosystem CBs and Payment Banks to also view the Close Links defined within the ECB's System Entity (which are valid for the auto-collateralisation process of all Eurosystem Parties) following the assignment of the correct object privilege.

Payment Bank Parties should be granted the Create/Delete Close Link Privileges as well as the Close Links Query privilege.

The Close Link List Query will be changed in order to enable users to search for Close Links using the pair of BICs of the credit provider as additional search criteria. This way, also payment banks can specifically query their list of close links set up for client-collateralisation. Additionally, these two new criteria will be shown in the result list.

The Close link analysis performed when evaluating the securities positions will be fully reviewed to take into account the new information in the Close Link object and to distinguish between Eurosystem and non Eurosystem CBs.
The assumption is that collateral information (close links, prices, …) related to Euro-collateralisation provided by non-Euro CB will always be provided by the relevant non-Euro CB.

The GUI impact will also be replicated on CRDM when T2S migrates to T2-T2S Consolidation, as part of the impact described in CR705. From a SDMG/CRDM point of view no difference is foreseen in terms of workload should the CR be implemented directly in the CRDM interface or in the T2S interface beforehand.

Based on the analysis, no switch-on mechanism is required to coordinate the deployment of the new functionality with the ECMS go-live (November 2023). The change in the privilege for Close Links Query should not have any impact on operations as the Close Link functionality is currently not used in T2S.

Impacts on LTSI and LEA described in the change request CR-0436.

Main cost drivers:
Impact on Static Data management functions and related GUI Screens/A2A messages (coordination with SWIFT required)[2].

Adapt Query and Flows according to CR.
Impact on collateral valuation function. Assessment performed on the basis of a joint implementation of CR436, CR530 and CR574. Should they be implemented in different released, the costs for each of them would be higher.

Maintenance cost category: neutral maintenance[3].

CR category: scope enhancement.

Impact on other TARGET Services and projects
Impact on CSLD: Change in CRDM (additional information about Eurosystem and non-Eurosystem NCBs) needs to be reflected in the DWH. No impact has been detected so far on ECMS side. No impact on TIPS.
Summary of project risk

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[2] No costs related to these drivers are included in this CR based on the assumption that CR436 is implemented in due time.
[3] Based on the assumption that CR436 is implemented at the same time.

None.
Security analysis
No adverse effect has been identified during security assessment.

30 June 2020

Cost assessment on Change Requests

T2S-530-SYS – One close link database for Eurosystem NCBs and separate database per non-EUR currency			
One-off	Assessment costs* - Preliminary - Detailed	2,000.00 20,000.00	Euro Euro
One-off	Development costs	243,668.25	Euro
Annual	Operational costs - Maintenance costs - Running costs	 0.00 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).