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|--|--|--------------------------------------|
| General Information (Origin of Request) | | |
| <input type="checkbox"/> User Requirements (URD) <input checked="" type="checkbox"/> Other User Functional or Technical Documentation (SYS) | | |
| Request raised by: CSD Steering Group (CSG) | Institute: CSD | Date raised: 21/10/2015 |
| Request title: 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. | | Request ref. no: T2S 0560 SYS |
| Request type: Common | 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: CSD | Status: Authorised at Steering Level | |

Reason for change and expected benefits/business motivation:

The CSG Task-force (TF) on insolvency proceedings has been focusing on two deliverables:

- i. the elaboration of a Collective Agreement that sets out inter alia the legal rights and obligations of the T2S CSDs and T2S NCBs arising in connection with the harmonised definition of the moment of entry and irrevocability of transfer orders which are subject to matching
- ii. the definition of high-level procedures and principles to handle the insolvency of a participant in T2S, be it a CSD participant or a central bank's participant and the subsequent reporting requirements.

During the discussions on the insolvency procedures, it has been identified that, while T2S offers reporting functionalities by means of queries and status advices to comply with reporting requirements, current reporting mechanism is deemed inadequate and operationally cumbersome in the context of insolvency.

Indeed, in the current T2S functionality, retrieving the accepted (SF1) and matched (SF2) timestamps for impacted settlement instructions is a 2 step process:

- Impacted settlement instructions need to be retrieved using the semt.026 'Settlement Instruction Status Audit Trail Query' query type in A2A or 'Settlement Instructions – Search/List Screen' in U2A (see section 2.2.2.17 of UHB v2.0). Among other parameters, search criterion instruction status type 'accepted' or 'matched' between specific timestamps or equal to a timestamp can be used. This query retrieves all the instructions filtered according to the specified criteria, e.g. accepted (SF1) and matched (SF2) statuses within the specific time window, but not the actual SF1/SF2 timestamps
- For each settlement instruction impacted, SF1 and SF2 timestamp information is retrievable using the query 'SecuritiesTransactionStatusQuery' sese.021 in A2A (audit trail details of a settlement instruction), or either 'Status History - Details Screen' or 'Revisions/audit trail – list screen' in U2A (settlement instruction details)

In A2A, CSDs have the possibility to save and automate the queries on their legacy platform (i.e. use the output of the first query to feed the second one and prefill most parameters) to reduce the operational effort. In U2A, this is not possible.

With message subscription, T2S Actors can also be informed in push mode with the timestamp of the generated status advice 'sese.024' produced after SF1 (accepted) and SF2 (matched) has been reached for a settlement instruction. However, as this is not the actual SF1/SF2 timestamps as stored in the database but an approximation corresponding to the timing of the messages generation, it cannot be relied on in the context of insolvency proceedings.

The means to report the SF1 and SF2 timestamps of settlement instructions impacted by insolvency was discussed in the CRG meeting of 08/09 February 2016 and further 4CB analysis was focused on following 3 possible options during the CRG teleconference of 24 February 2016:

Proposed solution 1: Inform SF1 & SF2 timestamp in sese.024 message including the SF1 and SF2 into the sese.024 in a supplementary data field (A2A)

Proposed solution 2: In A2A: Include SF1/SF2 exact timestamps in the response message semt.027 – Securities

Settlement Transaction Query Response

Proposed solution 3: In U2A: Include SF1/SF2 exact timestamps in the U2A screen in an easy downloadable File format

The 4CB indicated high risk and high impact for proposed solution 1 which has also impact on T2S community and cannot be implemented before release 2.0. This solution 1 was preferred by some CRG members but it was understood that it will not be of use to all T2S community members who do not use sese.024 for all participants. The 4CB highlighted that solution 2 involved regression and integration impacts along with changes on community side as well. It does not suit release 1.3 timeline and may not be best to integrate insolvency situations in general use query. The solution 3 involved a separate query mechanism avoiding regression/integration/adaptation issues and was potentially possible to implement in release 1.3 subject to concurrent CR implementations.

Based on the 4CB analysis and urgency considerations, the CRG preferred to go ahead with proposed solution 3 to Include SF1/SF2 exact timestamps in new U2A screen in an easy downloadable File format. The CRG also considered that proposed solution 1 could become relevant in the context of CSDR requirements and therefore it could be tackled via separate change request along with other changes for CSDR.

Description of requested change: T2S reporting mechanism must be enhanced to retrieve the necessary information in case of insolvency in a simple and standardised way. The following means have been identified during the TF in order to address this requirement:

- Inclusion of SF1/SF2 exact timestamps in the sese.024 message schema
- Simplification of queries in A2A/U2A mode in order to retrieve the necessary SF1/SF2 information
- Availability of a standardised report

The above-listed solutions are not mutually exclusive.

At this stage, option 1 and 3 have been identified as requiring a change of ISO20022 standards which adds further dependency for the implementation of the CR in T2S.

Post CRG discussion, proposed solution 3 covering the requirements for U2A reporting is being considered for this CR. Following requirements must be fulfilled for this option.

It must be possible to query via a new U2A screen to retrieve the SF1/SF2 timestamps. The query search parameters should allow to retrieve the SF1 and SF2 timestamps in an efficient and flexible way to cover retrieving the SF1/SF2 timestamps for different insolvency scenarios. The query search parameters should therefore contain following search criteria fields

- Securities account number OR Dedicated cash account number OR Insolvent Party BIC + Parent BIC (exclusive OR)
- Accepted From Date and Time (e.g. date and time from when the insolvency procedure was declared)
- Accepted To Date and Time (Optional)
- Status (Optional, multiple selection possible)

The search parameters should retrieve SF1 and SF2 of all settlement instructions within the party BIC's data scope, which have been accepted by T2S after the "Accepted From Date and Time" and prior to "Accepted To Date and Time" (in case this parameter is used in the query)". Also, if Insolvent party BIC + parent BIC is used in the search parameter then T2S should retrieve all settlement instructions impacting SACs and DCAs within the party BIC's data scope. Query criteria based on the DCA parameter should also extract the impacted settlement instructions with the DCA as default DCA.

Following output fields should be reported in the U2A list screen

- T2S Actor and T2S reference
- Instructing party BIC
- Instructing party Parent BIC
- Securities movement type
- Securities account
- DCA number¹

¹ The DCA must be reported also for cases where the DCA is a default DCA in the reported settlement instructions.

- Currency
- ISIN
- ISIN description
- Accepted Timestamp (SF1)
- Matched Timestamp (SF2)
- Original quantity
- Settlement amount
- Settled quantity
- Settled amount
- Debit/Credit indicator
- Status (settlement, matching, cancellation)

The query result should be available to download as csv-file (non ISO 20022), which would also be useful for the regulators.

Submitted annexes / related documents:

1. See attachment entitled “Insolvency of CSD/CB participants in T2S” from CSG Task Force (version of 29 October 2015)
2. Presentation on different options. option covering the requirements for U2A reporting is provided in slides 13-14
https://www.ecb.europa.eu/paym/t2s/progress/pdf/tg/crg/crg60/02.t2s_0559-0560_requirements_update.pdf
3. 4CB analysis on feasibility of proposed options for CR-560
http://www.ecb.europa.eu/paym/t2s/progress/pdf/tg/crg/crg63/02.cr560-evaluation_of_proposed_solutions.pdf
4. Attachment to the Change Request T2S-0560-SYS including the draft proposal for the UHB chapter 2.2.2.21 (Insolvency procedure Settlement Instructions – Search/List Screen)

Proposed wording for the Change request:**UHB**

The following UHB v2.1 sections should be modified:

Creation of new sections in the UHB v2.1 in order to describe the new available search and list screens and how to use them. (the wording proposal may be subject to changes/updates during the implementation phase of the Change Request)

2.2.2.21 Insolvency procedure Settlement Instructions – Search/List Screen

See attached draft document².

3.15.5 Monitoring of the Lifecycle of a Settlement Instruction**Overview**

This business package describes the monitoring of the lifecycle of a settlement instruction.

You can check the status updates during the lifecycle of a settlement instruction once it has been created in T2S.

To monitor the lifecycle of a settlement instruction, carry out the following business scenarios.

Business

■ View settlement instruction status history

Scenario

² Caveat: This draft proposal may be subject to changes/updates during the implementation phase of the Change Request.

- View SF1/SF2 timestamps of Settlement Instructions in case of Insolvency situation

3.15.5.2 Retrieval of SF1/SF2 timestamps of Settlement Instructions in case of Insolvency situation

See attached document

6.3.3.x Insolvency procedure Settlement Instructions – Search/List Screen

| Privilege | Privilege Code | Privilege Type | Object Types | Screen Criteria |
|--|----------------|----------------|--------------|-----------------|
| Settlement Instruction Matched and Accepted Status Query Privilege | | | | |

*Detailed drafting to be provided at a later point in time (Privilege details not available yet)

6.4.2 Insolvency procedure Settlement Instructions – Search/List Screen

**Drafting to be provided at a later point in time (BRs applicable not available yet)

UDFS

1.6.4.4.3 Query management process

| QUERY TYPE | INITIATION VIA GUI (U2A MODE) | INITIATION VIA XML MESSAGES (A2A MODE) |
|--|-------------------------------|--|
| Settlement Instruction Audit Trail Query | x | x |
| Settlement Instruction Matched and Accepted Status Query | x | |
| Securities Account Position (History) Query | x | x |

1.6.5.7.6 Billing Data Collection Process

The UDFS section has to be updated to include the new query as service item into table 189 “U2A Queries and Business Items” including definition of a new Business Item

TABLE 189 - U2A QUERIES AND BUSINESS ITEMS

| Query Name | Business Item |
|--|------------------------|
| Settlement Instruction Current Status Query | Settlement Instruction |
| Settlement Instruction Matched and Accepted Status Query | Settlement Instruction |
| Settlement Instruction Query | Settlement Instruction |

3.3.3.31 BillingReportV01

Update of Excel table for External codes included in section 3.3.3.31 BillingReportV01

High level description of Impact:

Outcome/Decisions:

- * CRG meeting of 15 December 2015 and CRG teleconference on 18 December 2015: The CRG decided to put the Change Request on hold.
- * CRG meeting on 8-9 February 2016: The CRG put the Change Request on hold and the CRG agreed to consider the Change Request for possible inclusion in Release 1.3 in the next CRG teleconference on 24 February 2016
- * CRG teleconference of 24 February 2016: The CRG put the Change Request on hold and agreed to go for option 3, U2A query solution, as a candidate for the Release 1.3.
- * CRG meeting of 10 March 2016: The CRG recommended the Change Request for detailed assessment.
- * Advisory Group on 24 March 2016: In a written procedure from 18 to 24 March 2016, the Advisory Group was in favour of launching the detailed assessment on the Change Request.
- * CSD Steering Group on 29 March 2016: In a written procedure from 18 to 29 March 2016, the CSD Steering Group was in favour of launching the detailed assessment on the Change Request.
- * CRG teleconference on 17 June 2016: The CRG agreed to make some updates on the Change Request.
- * CRG teleconference on 29 July 2016: The CRG agreed to make some minor changes in the Change Request. The CRG recommended the approval of the updated Change Request and its inclusion in the T2S Release 1.3 in principle subject to the positive outcome of the CRG written procedure on the updated Change Request.
- * CRG on 19 August 2016: During the written procedure from 16 to 19 August 2016, the CRG agreed with the updates made on the detailed assessment and the revised cost assessment.
- * OMG on 26 August 2016: During a written procedure from 19 to 26 August 2016, the Operations Managers Group did not identify any blocking operational impact of the Change Request. The OMG was in favour of adding the Change Request to Release 1.3.
- * Advisory Group on 1 September 2016: Following a written procedure from 12 to 18 August 2016, the AG was in favour of approving the Change Request.
- * CSD Steering Group on 2 September 2016: Following a written procedure from 12 to 19 August 2016, the CSG adopted the resolution to approve the Change Request.
- * Advisory Group on 20 September 2016: Following a written procedure from 14 to 20 September 2016, the AG was in favour of inclusion of Change Request in T2S Release 1.3.
- * CSD Steering Group on 21 September 2016: During the CSG meeting on 21 September 2016, the CSG adopted the resolution to include the Change Request in T2S Release 1.3.
- * CRG on 9 December 2016: The CRG was informed about the updates made on the UHB chapter 2.2.2.21 (Insolvency procedure Settlement Instructions – Search/List Screen), which is an attachment to the Change Request during the 4CB implementation phase.
- * CRG meeting on 24 January 2017: The CRG agreed that the implemented T2S behaviour (i.e. in case the query returned only one record in the details screen, the T2S system user needs to click on the 'back button' to retrieve the SF1/SF2 timestamps in the list screen) is acceptable from a functional perspective given the exceptional nature (i.e. low likelihood of a query response returning only one record in case of an insolvency). The attachment of the Change Request will be updated accordingly (UHB chapter 2.2.2.21).
- * CRG on 17 February 2017: In a written procedure from 15 to 17 February 2017, the CRG agreed to update the UHB extract (i.e. CR attachment 2) to add the settlement, matching and cancellation status to the Insolvency procedure Settlement Instruction list screen in line with the CR description.

EUROSYSTEM ANALYSIS – GENERAL INFORMATION

| | | | | |
|------------------------------|--------------------------------------|---|-----------------------------|--|
| Impact On T2S | Static data management | | Interface | |
| | | Party data management | x | Communication |
| | | Securities data management | | Outbound processing |
| | | T2S Dedicated Cash account data management | | Inbound processing |
| | | Securities account data management | | |
| | x | Rules and parameters data management | | |
| | Settlement | | Liquidity management | |
| | | Standardisation and preparation to settlement | | Outbound Information Management |
| | | Night-time Settlement | | NCB Business Procedures |
| | | Daytime Recycling and optimisation | | Liquidity Operations |
| | | Daytime Validation, provisioning & booking | | LCMM |
| | | Auto-collateralisation | X | Instructions validation |
| | | | | Status management |
| | Operational services | | | Instruction matching |
| | | Data Migration | | Instructions maintenance |
| | | Scheduling | | Statistics, queries reports and archive |
| | x | Billing | | Report management |
| | | Operational monitoring | x | Query management |
| | | | x | Statistical information |
| | | | | Legal archiving |
| | All modules (Infrastructure request) | | | |
| | No modules (infrastructure request) | | | |
| | Business operational activities | | | |
| | Technical operational activities | | | |

| Impact on major documentation | | |
|---|---|--|
| Document | Chapter | Change |
| Impacted GFS chapter | n/a | |
| Impacted UDFS chapter | 1.6.4.4.3 Query management process | New query has to be added to the table 180 "Availability of Queries in U2A mode". |
| | 1.6.5.7.6 Billing data collection process Table 189 Section 3.3.3.31 BillingReportV01 Annex UDFS chapter 3.3.3.31.2 | New query has to be added to the table 189 "U2A Queries and Business Items" including definition of a new Business Item Update of Excel List for External Codes in order to include new Service Items. Available under the following link: http://www.swift.com/mystandards/T2S/camt.077.001.01_T2S |
| Additional deliveries for Message Specification | Update Excel List for External Codes for camt.077 | |
| UHB | 2.2.2.21 Insolvency procedure Settlement Instructions – Search/List Screen 3.15.5.2 Retrieval of SF1/SF2timestamps of Settlement Instructions in case of Insolvency situation 6.3.3.x Insolvency procedure Settlement Instructions – Search/List Screen | Creation of the relevant new sections of the UHB to describe the behaviour and specifications of the new screens |

| | | |
|--|---|-------|
| | 6.4.2 Insolvency procedure Settlement Instructions – Search/List Screen | |
| External training materials | | |
| Other documentations | Overview_basic-complex_queries | |
| Links with other requests | | |
| Links | Reference | Title |
| OVERVIEW OF THE IMPACT OF THE REQUEST ON THE T2S SYSTEM AND ON THE PROJECT | | |
| Summary of functional, development, infrastructure and migration impacts | | |
| <p>The new query “Settlement Instruction Matched and Accepted Status Query” has to be introduced throughout the different documentation.</p> <p>In case of 4-eyes-principle, please note that the Acceptance Timestamp SF1 will only be set for Settlement Instructions which were approved by the 2nd user. The new screen will only show Settlement Instructions which are approved (l. e. instructions which are awaiting approval, rejected or revoked will not be included in the query result. Otherwise the T2S Actor could not differentiate in the list between accepted and not accepted instruction.)</p> <p>The new query should be used only for insolvency procedures in order to avoid performance issues stemming from excessive use of the query. Therefore, the query should only be available when T2S is “under insolvency status”.</p> <p>Two new screens need to be created in the T2S GUI in line with the CR requirements.</p> <p>Three new Service Items will be created for the query so that it is subject to Billing.</p> <p>LTSI must be amended in order to consider the new service item “Settlement Instruction Matched and Accepted Status Query”, according to http://www.swift.com/mystandards/T2S/camt.077.001.01_T2S.</p> <p>Additionally, LTSI must be amended in order to provide to advanced users the possibility to query SF1 and SF2 timestamps related to their settlement instructions, retrieved through Settlement Status History, and via free queries but not via predefined queries.</p> <p>The new Screen/Query as well as the correct Billing have to be tested.</p> <p>Also LCMM data model should be changed in order to make available to the queries the validation timestamp.</p> | | |
| Summary of project risk | | |
| No | | |
| Security analysis | | |
| No potentially adverse effect was identified during the security assessment. | | |

DG - MARKET INFRASTRUCTURE & PAYMENTS
 MARKET INFRASTRUCTURE MANAGEMENT

ECB-PUBLIC



16 August 2016

Cost assessment on Change Requests

| T2S-560-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. | | | |
|---|---------------------|------------|------|
| One-off | Assessment cost* | | |
| | - Preliminary | 2,000.00 | Euro |
| | - Detailed | 10,000.00 | Euro |
| One-off | Project phase costs | 283,445.06 | Euro |
| Annual | Operational costs | 27,797.54 | 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).