

General Information (Origin of Request)		
<input type="checkbox"/> User Requirements (URD) or GUI Business Functionality Document (BFD) <input checked="" type="checkbox"/> Other User Functional or Technical Documentation (SYS)		
Request raised by: 4CB	Institute: 4CB	Date raised: 04/04/2014
Request title: Securities Valuation Bulk Process for Payment Banks		Request ref. no: T2S 0459 SYS
Request type: Common	Urgency: High	
1. Legal/business importance parameter: Low	2. Market implementation efforts parameter: Medium	
3. Operational/Technical risk parameter: High	4. Financial impact parameter: No cost impact	
Requestor Category: 4CB	Status: Authorised at Steering level	

Reason for change and expected benefits/business motivation:

The outcome of the bottleneck tests conducted on the daily Security Valuation upload process showed a very high consumption at the end of the day in the very small time window available for the loading process.

Volumetric assumptions related to securities valuations changed significantly and, at this stage, daily volumes that will be provided by Payment Banks are expected to be even higher than the ones generated by Central Banks and already monitored with a light process to upload securities valuation.

Consequently, it is now necessary to implement a lighter process to upload securities valuation for the Payment Banks as well.

As it was done for Central Banks, such a technical solution should be enforced through an agreed operational procedure aimed at avoiding Payment Banks to send securities valuations via the standard A2A channel.

For contingency reasons or maintenance operations concerning a limited number of records, Payment Banks may use the standard U2A channel to load their Securities Valuations in T2S.

Furthermore to reduce the workload during the EoD/SoD phase, Payment Banks should send their Securities Valuation as soon as possible, ideally by 17:45, but in any case T2S will accept Securities Valuations until 19:00, which is the last point in time by when T2S can accept Securities Valuations to be applied for the next business day.

Description of requested change:

The proposed solution for uploading securities valuations for Payment Banks is the same as the one proposed for the Central Banks and it consists of the following elements:

1. Replacement of the XML file with a flat file, with the possibility for each Payment Bank to send two or more files on the same day. This flat file may include either the full securities valuation coefficient list or just a part of it.
2. Removal of the business signature (only the network signature would be managed). The authentication and authorisation of the sender shall be based on a "white list" of technical senders (one for each Payment Bank) stored in the Static Data data base.
3. Defer the load of the information in the Static Data data base.
4. Implementation of a "load & replace" logic, with newly loaded securities valuations sent by a given T2S Actor overruling securities valuations previously loaded by the same T2S Actor and the auto-collateralisation process using the latest securities valuations sent before the deadline, regardless of the channel used to load the data.
5. Anticipate the reception from Payment Banks of collateral-related data in a time-window from 17:45 until 19:00 at the very latest.
6. Usage of a list of Payment Bank technical senders that will be authorised to send securities valuations via flat files.

Payment Banks will be able to use the standard U2A channel for the specific scenarios outlined above.

The files exchanged using the new communication channel shall be subject to the same billing rules as for any other file exchanged via the standard A2A channel.

Submitted annexes / related documents:

Proposed wording for the Change request:**GFS:****GFS v4.0, Section 2.3.1 "Interface"**

T2S supports the connectivity of T2S Actors as follows:

- T2S communication is available by using messages or files containing messages in Application-to-Application mode (A2A) that allows direct communication between software applications via XML messages, as well as through online-screen based activities in User-to-Application mode (U2A) for activities performed by T2S System Users. Flat files are used, as mandatory type of communication, for CB Securities Valuations only.

GFS v4.0, Section 2.3.1.1 "Communication Module"

The main purpose of the Communication Module is to ensure secure and reliable communication between the T2S platform and T2S Actors. T2S System Users can use Application-to-Application (A2A) and User-to-Application (U2A) communication channels to access the T2S platform. The Outbound Processing Module for Application-to-Application mode provides a single set of standard messages to facilitate communication with multiple external RTGS systems and with multiple external collateral management systems. For CB Securities Valuation communication only, communication is mandatorily handled via flat files.

Additionally, the Communication Module ensures protection of the T2S platform against an intrusion and unauthorised access. It validates that only trusted party transmits the inbound communication through a secure channel. It provides an authentication functionality to verify the identity of the T2S System User.

UDFS:**UDFS v2.0, Section 1.2.3.1 "Auto-collateralisation eligibility, securities valuation and close link"**

Page 75, fourth row, third column of table 14 should be amended by adding the following footnote:

CBs and Payment Banks send their daily securities valuations in A2A mode via flat files. They can still use the U2A mode for contingency reasons or maintenance operations concerning a limited number of records.

Page 75, lines 27-30 should be amended as follows:

The configuration of all the static data objects related to the setup of the auto-collateralisation in T2S, with the exception of securities valuations provided by CBs and Payment Banks, takes place according to the dialogue pattern described by the "Maintain SD" use case (see section 2.20 "Maintain Static Data Object"). These are the messages available in A2A mode for the setup of auto-collateralisation information in T2S:

- EligibleSecuritiesCreationRequest for securities auto-collateralisation eligibility;
- CollateralValueCreationRequest for securities valuations;
- CloseLinkCreationRequest for close links.

The upload of securities valuations ~~provided by CBs~~ in T2S takes place according to the dialogue pattern described by the "Load CB Securities Valuations" use case (see section 2.26 "Load CB Securities Valuations").

UDFS v2.0, Section 1.3.1.2 “Modes of connectivity”

Page 107, lines 16-19 should be complemented as follows:

All messages exchanged between T2S and T2S Actors are based on XML technology and comply with the ISO 20022 standards on messages and the formats and specifications defined in T2S. They can be sent to T2S either individually or in a file containing one or several messages. However, the upload of securities valuations for CBs is handled via flat files.

UDFS v2.0, Section 1.4.3.2 “Settlement day high level processes”

Page 204, Table 88 and footnote 120 should be amended as follows:

TABLE 88 – SETTLEMENT DAY HIGH LEVEL PROCESSES

T2S TIMELINE	T2S PERIODS	HIGH LEVEL DESCRIPTION
6:45 p.m. – 7:30 p.m.	Start of day (SOD)	The start of day period including: <ul style="list-style-type: none"> • Change of business date in T2S; • Preparation for night-time settlement: <ul style="list-style-type: none"> - Revalidation of Settlement Instructions/Settlement Restrictions/amendments/hold and release instructions that failed to settle or to be executed as of their Intended Settlement date; - At 7:00 p.m., final deadline to accept data feeds¹²⁰, effective for the current business date, from collateral management systems and payment/settlement banks. CBs <u>and Payment Banks</u> can send their Securities Valuation as soon as possible, ideally by 5:45 pm, but in any case T2S will accept Securities Valuations until 7 pm. - Valuation of securities positions - Valuation of collateral eligible Settlement Instructions.

¹²⁰ T2S processes these data feeds as soon as they are available. If data feeds are not received at the 7:00 p.m. deadline, T2S bases its processes on the latest information received from the previous settlement days.

UDFS v.2.0, Section 2.26 “Load Securities Valuations

Page 854 lines 3 to 9

This use case covers the standard situation of a Central Bank or Payment Bank T2S Actor loading its Securities Valuations. ~~CB~~ Securities Valuations are normally loaded by means of a flat file which follows a specific format.

The U2A/A2A channel for loading Securities Valuations can be used by Central Banks and Payment Banks in contingency situations as an alternative method.

In order for the valuations to be loaded for the next business day, the file must be provided before 19:00.

~~This use case is relevant for all Central Bank T2S Actors. Payment Banks should use the alternative U2A/A2A channels.~~

UDFS v2.0, Section 3.3.3.31 BillingReportV01 (camt.077.001.01)

Update of Excel List in order to delete the respective Securities Valuation Check Query service items

http://www.bundesbank.de/4zb/download/v1.2.1/billingreport/ServiceItemList_ExternalCodes.xls

UHB:

1. Section 2.5.2.8 Securities Valuation – Search/List Screen: remove the references to Delete/Restore and Update functionalities, as they will not be available anymore.
2. Section 2.5.2.9 Securities Valuation – New/Edit Screen: remove the references to Update functionality and buttons, as it will not be available anymore.

High level description of Impact:

The high level impacts identified for Payment Banks, are as follows:

1. Payment Banks shall use flat files instead of XML messages to send their daily securities valuations to T2S. T2S shall reply by including all negative responses in a flat file as well.
2. Payment Banks shall provide their daily data feeds for all collateral-related data (i.e. not only securities valuations, but also auto-collateralisation eligibility links and close links) to be used by T2S on the next settlement day ideally by 17:45 and in any case not later than 19:00.
3. Payment Banks may use the standard U2A channels (to create new securities valuations or to replace securities valuations already loaded in T2S) in case of contingencies or maintenance of a limited number of securities valuations.

There is no additional impact envisaged for Central Banks.

Outcome/Decisions:

- *Change Review Group meeting of 28 May 2014: The CRG recommended the approval of the Change Request.
- * Advisory Group's advice on 20 June 2014: The AG was in favour of the Change Request via written procedure
- * CSG meeting on 2-3 July 2014: The CSG adopted the resolution to approve the Change Request.