Information from OeKB CSD concerning Settlement Client and T2S Release 5.0

1   Settlement Client Release

There will be a Settlement Client Release on **June 14th, 2021**. As of this day the following changes will be implemented:

Penalty Information Details

Daily and modified penalties will be displayed for the corresponding Settlement Instruction.

In the Settlement Instruction Details the new tab "Penalty Details" is available to get the information about the calculated penalties provided by T2S.

Penalty Reporting in the Settlement Client

In the Settlement Client a search query under **Reporting > Penalty Report** can be used to display a list of cash penalties.

Enhancement of Message Subscription with MT537 Penalty Reporting Messages.

The message subscription for the MT537 Penalty Reports can be set for the daily, modified and monthly report.

Please refer to the information in our **Newsflash Settlement Discipline #8** from February 24th, 2021 regarding the configuration of the Message Subscription.

Information regarding Testing of MT537 Penalty Reporting Message

For testing purposes, we have created the following **securitites subject to cash penalties** in our test environment for which T2S generates penalty reporting messages. As of April 2021 these ISINs can be used to test the receipt of the MT537 penalty reporting message.

Securitites subject to cash penalties

ISIN	FI Type	Liquidity Status
AT0000494893	UCIT	n.a.
AT0000495023	UCIT	n.a.
AT0000325139	SOVR	n.a.
AT0000383864	SOVR	n.a.
AT0000340146	SHRS	Liquid
AT0000489778	SHRS	Illiquid
AT0000743059	SHRS	Liquid
AT0000834007	SHRS	Illiquid
AT0000A1WD37	SHRS	Liquid
AT0000340542	SECU	Illiquid
AT0000488598	SECU	n.a.
AT0000A2KR18	SECU	n.a.
AT0000422118	DEBT	n.a.
AT0000A001U8	DEBT	n.a.
AT0000A1UU12	DEBT	n.a.
AT0000A1V1H1	DEBT	n.a.
AT0000A20922	DEBT	n.a.
AT0000A2CAA2	DEBT	n.a.
AT000B126610	DEBT	n.a.

2 T2S Release 5.0

This document contains the dates and the change requests for the upcoming T2S Release 5.0.

Dates and Change Requests

No.	Change Request	Impacted Clients	Delivery date T2S Pre-Production	Delivery date T2S Production
383	Possibility of submitting already matched cross-CSD settlement instructions	DCP	09.04.2021	14.06.2021
503	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	DCP/ICP	09.04.2021	14.06.2021
556	Modification of cash forecast for the current and following business day after DVP cut-off	DCP/ICP	09.04.2021	14.06.2021
629	Enhance Cash Forecast Query and Report to display corporate actions related cash movements separately	DCP/ICP	09.04.2021	14.06.2021
615	Enrich values in "Transaction activity field" of the "Securities Transaction Posting Report (semt.017)", of the "Securities Transaction Pending Report (semt.018)" and in "Bank Transaction Code" in the "End of Day Account Statement (camt.053)" with all SWIFT ISO 20022 codes	DCP/ICP	09.04.2021	14.06.2021
630	Cash forecast: skip cash closing days and introduce breakdown per Hold/Released status	DCP/ICP	09.04.2021	14.06.2021
681	T2S should allow updates of securities data with an issue date lower than current date	n.a.	09.04.2021	14.06.2021
688	Enhanced reporting of cancellation reason codes	DCP/ICP	09.04.2021	14.06.2021
690	Unprune fields in settlement allegements	DCP/ICP	09.04.2021	14.06.2021
692	Send status update message upon transition to 'Failing'	DCP/ICP	09.04.2021	14.06.2021
696	Common Reference Data Management for T2-T2S Consolidation – New Objects	DCP	09.04.2021	14.06.2021
704	CRDM Business Interface development	n.a.	09.04.2021	14.06.2021

No.	Change Request	Impacted Clients	Delivery date T2S Pre-Production	Delivery date T2S Production
708	Allow Liquidity Transfers from a T2S DCA to a RTGS or TIPS DCA (including CB accounts)	DCP/ICP	09.04.2021	14.06.2021
709	Make the mandatory automated cash sweep at 5:45 p.m. optional	DCP/ICP	09.04.2021	14.06.2021
710	Daily maintenance window only for urgent changes	DCP/ICP	09.04.2021	14.06.2021
717	T2S penalty mechanism: exemption from LMFP on settlement instructions created as a result of partially successful buy-ins	DCP/ICP	09.04.2021	14.06.2021
729	Extend the maximum length of references to 35 characters for T2S liquidity transfers in EUR and ensure valid crossservice LTs with camt.050 changes	DCP	09.04.2021	14.06.2021
738	Bypass check on Issuance account for PFODs on a multiissued ISIN	n.a.	09.04.2021	14.06.2021

Content of the Change Requests

CR 383 - Possibility of submitting already matched cross-CSD settlement instructions

T2S actors shall be enabled to send already matched securities settlement instructions not only for intra-CSD, but as well for cross-CSD settlement.

Link: *https://www.ecb.europa.eu/paym/target/t2s/governance/pdf/crg/ecb.targetseccrg120929_T2S-0383-URD.en.pdf*

CR 503 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

Post-match status advice (sese.024), settlement confirmation (sese.025) and T2S generated realignment instruction (sese.032) will contain 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.

Link: *https://www.ecb.europa.eu/paym/target/t2s/governance/pdf/crg/ecb.targetseccrg150128_T2S-0503-SYS.en.pdf*

SWIFT ISO 15022 adaptions

The counterparty's customer reference will be reported in the SWIFT ISO 15022 messages MT544; MT545, MT546, MT547 and MT548 in the relevant settlement parties block in qualifier 20C:PROC.

For details please refer to **> Annex 18 User Manual Settlement SWIFT ISO 15022**.

CR 556 Modification of cash forecast for the current and following business day after DVP cut-off

If the Current Settlement Day Cash Information Report as well as the Cash Forecast Query are initiated after DVP cut-off (4:00 p.m.), they shall include only instructions that still can be settled during the current business day (BATM and CBO, therefore cash transactions). On the other hand, if the Following Settlement Day Cash Forecast Report and the Cash Forecast Query are initiated after DVP cut-off (4:00 p.m.), they shall include instructions pending from previous day which cannot settle anymore on the given business day and which will only be re-attempted for settlement on the next business day.

Link: *https://www.ecb.europa.eu/paym/target/t2s/governance/pdf/crg/ecb.targetseccrg150911_T2S-0556-SYS.en.pdf*

CR 615 Enrich values in "Transaction activity field" of the "Securities Transaction Posting Report (semt.017)", of the "Securities Transaction Pending Report (semt.018)" and in "Bank Transaction Code" in the "End of Day Account Statement (camt.053)" with all SWIFT ISO 20022 codes

Currently, the field <BkTxCd> provides only the values LIQT and SETT, for respectively messages stemming from liquidity transfers and messages stemming from settlement in a CSD.

Following new codes will include in the field <BkTxCd> (Bank Transaction code) from the camt.053 as transaction code:

BOLE: Borrowing and Lending Activity; CLAI: Market Claim; COLL: Collateral Activity; CORP: Corporate Action Activity; SETT: Settlement and Clearing Activity.

Link: *https://www.ecb.europa.eu/paym/target/t2s/governance/pdf/crg/ecb.targetseccrg160516_T2S-0615-SYS.en.pdf*

SWIFT ISO 15022 adaptions

These codes also will be reported in the MT940.

For details please refer to **> SWIFT MT940 Handbuch**.

CR 629 Enhance Cash Forecast Query and Report to display corpotae actions related cash movements separately

In order to identify immediately a missing funding of a Main Paying Agent account until CORP payment deadline 12:00 a.m., the Cash Forecast Query and Report shall display CORP related cash movements separately.

Link: *https://www.ecb.europa.eu/paym/target/t2s/governance/pdf/crg/ecb.targetseccrg160712_T2S-0629-SYS.en.pdf*

CR 630 Cash Forecast: Skip cash closing days and introduce breakdown per Hold / Released status

The enhancement shall support the receiving party to identify DvPs set on hold against their settlement accounts

Link: *https://www.ecb.europa.eu/paym/target/t2s/governance/pdf/crg/ecb.targetseccrg160712_T2S-0630-SYS.en.pdf*

CR 681 T2S should allow updates of securities data with an issue date lower than current date

T2S will allow updates of the issue date of a security with an issue date lower than the current date. This will be possible both in U2A mode (Edit securities Screen) and A2A mode (reda.007 – Security Maintenance Request).

Link: *https://www.ecb.europa.eu/paym/target/t2s/governance/pdf/crg/ecb.targetseccrg180628_T2S-0681-SYS.en.pdf*

CR 688 Enhanced reporting of cancellation reason codes

T2S will allow the usage of the following codes in the cancellation request (sese.020) and report these reason codes in the subsequent status update (sese.024), in the Statement of pending transactions (semt.018), in the Securities Settlement Transaction Audit Trail Report (semt.022), in the Settlement instruction query response (semt.027), in the Intraposition Movement Status Advice (semt.014), in the Intraposition Movement Query Response (semt.029) and in the Intraposition Movement Pending Report (semt.034).

- BYIY - Cancelled due to Buy In
- CSUB - Cancelled By Agent
- CANI - Cancelled By Yourselves
- CANT - Cancelled due to Transformation
- CTHP - Cancelled By third party
- CXLR - End of Life
- CANZ - Cancelled Split Partial Settlement
- CORP - Cancelled due to Corporate Action
- SCEX - Securities No Longer Eligible
- OTHR – Other

If those codes are supported by T2S, then a CSD could indicate in a much more granular way why it cancels an instruction or restriction on T2S. This additional information could be helpful for CSDs participants to understand the background of a cancellation (whereas today only CANI, CANS, CANT or CTHP are reported).

Settlement Client adaptions

The new codes will displayed in the Settlement Instruction Details and Intra-Position Movement Details in the field "Reason Code".

SWIFT ISO 15022 adaptions

The new codes reference will be reported in the SWIFT ISO 15022 message MT548. The code CXLR will be reported as EXRI because CXLR is not available in SWIFT ISO 15022. Also OTHR will be reported as NARR.

For details please refer to *> Annex 18 User Manual Settlement SWIFT ISO 15022*.

CR 690 Unprune fields in settlement allegements

The aim of this CR is to make available in the allegement (sese.028) those fields provided in a settlement instruction sent in A2A mode (sese.023), which can be relevant for the counterparty. Following fields will be unpruned in the sese.028 and semt.019:

- Place of Clearing
- Declaration Details for Party 1
- Safekeeping Account for Party 2 and 3

Link: *https://www.ecb.europa.eu/paym/target/t2s/governance/pdf/crg/ecb.targetseccrg181119_T2S-0690-SYS.en.pdf*

Settlement Client adaptions

The following fields will be available in the settlement allegement in case provided in a settlement instruction by the counterparty

- Place of Trade
- Place of Clearing
- Safekeeping Account for Party 2

These fields will also be considered when creating an instruction with 'Generate Counter-Instruction'.

SWIFT ISO 15022 adaptions

The following fields will be available in the settlement allegement (SWIFT MT578) in case provided in a settlement instruction by the counterparty:

- Place of Trade
- Place of Clearing
- Safekeeping Account for Party 2

CR 692 Send status update message upon transition to 'Failing'

With this CR the CR 609 switch functionality will be set "on" i.e. the full reporting functionality will be available

Link: *https://www.ecb.europa.eu/paym/target/t2s/governance/pdf/crg/ecb.targetseccrg181218_T2S-0692-SYS.en.pdf*

CR 696 Common Reference Data Management for T2-T2S Consolidation – New Objects

The T2-T2S Consolidation intends to rely on a Common Reference Data Management. A general description is available in CR 674. With this CR, new objects will be added to the Common Reference Data Management for the Central Liquidity Management (CLM) and Real-Time Gross Settlement (RTGS) components as well as for the new Billing and Business Day Management.

Link: *https://www.ecb.europa.eu/paym/target/t2s/governance/pdf/crg/ecb.targetseccrg190228_T2S-0696-SYS.en.pdf*

CR 704 CRDM Business Interface development

"CR regarding the new Business Interfaces necessary for the T2-T2S Consolidation:

GUI screens and XML messages will be developed as part of the CRDM Business Interface to cover existing Static Data functions existing in T2S and CRDM. T2S interfaces will continue operating and not be affected by these new developments; T2S users will be able to continue using the existing T2S interface as long as the Network Service Provider License Agreements are in place.

No impact expected on T2S. The T2S business interface will continue operating as normal.

Link: *https://www.ecb.europa.eu/paym/target/t2s/governance/pdf/crg/ecb.targetseccrg190228_T2S-0704-SYS.en.pdf*

CR 708 Allow Liquidity Transfers from a T2S DCA to a RTGS or TIPS DCA (including CB accounts)

This CR is part of the T2-T2S Consolidation project. It should allow T2S Actors to send liquidity transfers from T2S to other DCAs (including CB accounts) in any other TARGET Service (T2 and TIPS).

For this purpose, liquidity transfer orders in T2S should be enhanced to permit specifying as credited account, in addition to an MCA, a DCA opened in RTGS or TIPS.

Link: *https://www.ecb.europa.eu/paym/target/t2s/governance/pdf/crg/ecb.targetseccrg190228_T2S-0708-URD.en.pdf*

CR 709 Make the mandatory automated cash sweep at 5:45 p.m. optional

The aim of this CR is to make the mandatory automated cash sweep for euro, that currently takes place at 5:45 p.m., optional. T2S DCA owners should have the possibility to opt out from (and re-opt in to) the optional cash sweep. This would not impact the existing optional cash sweep that takes place at 4:30 p.m.

For non-euro currencies for which there is still a need to sweep the liquidity back from T2S to the relevant RTGS system, the mandatory automated cash sweep in place can still be used.

Link: *https://www.ecb.europa.eu/paym/target/t2s/governance/pdf/crg/ecb.targetseccrg190228_T2S-0709-URD.en.pdf*

CR 710 Daily maintenance window only for urgent changes

The maintenance window in T2S and in other TARGET services should be aligned. It will be technically enforced only in case an urgent change has to be deployed by the T2S Operator. When enforced, the maintenance window will apply to all TARGET services. The relevant operational procedures will be detailed in the MOP.

After implementation of this change there will be only a maintenance window

- on business days from 03:00 a.m. to 05:00 a.m. in case an urgent change has to be deployed (T2S will send specific camt.019)
- on weekend always from Saturday 02:30 a.m. till Monday 02:30 a.m.

If the maintenance window is not activated, T2S will send a camt.019 with the new code NOMW (No Maintenance Window).

Link: *https://www.ecb.europa.eu/paym/target/t2s/governance/pdf/crg/ecb.targetseccrg190304_T2S-0710-URD.en.pdf*

CR 717 T2S penalty mechanism: exemption from LMFP on settlement instructions created as a result of partially successful buy-ins

T2S will not compute Late Matching Fail Penalties for a transaction when both matched settlement instructions sent by T2S Actors are populated with the 'BSSP' settlement transaction condition code (sese.023, Settlement Parameters/Settlement Transaction Condition). This requirement is meant to address the case of a partially successful buy-in where the settlement instructions entered for the remaining quantity to be delivered contain the ISD of the original transaction.

Link: *https://www.ecb.europa.eu/paym/target/t2s/governance/pdf/crg/ecb.targetseccrg190523_T2S-0717-URD.en.pdf*

Settlement Client adaptions

A new field in „Create Settlement Instruction / Additional Information" will be implemented to instruct the Settlement Transaction Code BSSP.

SWIFT ISO 15022 adaptions

Settlement Instructions MT540 – MT543 can be instructed with 22F::STCO/T2S/BSSP.

In the status message MT548, confirmations MT544 - MT547 and allegement MT578 it will also be reported in 22F::STCO/T2S/BSSP.

For details please refer to **> Annex 18 User Manual Settlement SWIFT ISO 15022**.

CR 729 Extend the maximum length of references to 35 characters for T2S liquidity transfers in EUR and ensure valid crossservice LTs with camt.050 changes

The T2-T2S Consolidation project foresees that in the camt.050 exchanged with T2, references of up to 35 characters should be allowed. The camt.050 message specifications for T2-CLM and T2-RTGS will be designed accordingly.

Link: *https://www.ecb.europa.eu/paym/target/t2s/governance/pdf/crg/ecb.targetseccrg191211_T2S-0729-SYS.en.pdf*

CR 738 Bypass check on Issuance Account for PFoDs on a multi-issued ISIN

The current T2S functionality defines for cross-border settlement instruction on a multi-issued ISIN, the existence of an Issuance Account for the created Security CSD Link. If this check is not successful, T2S automatically cancels the business instructions, even though there is a business case. The existing T2S static data validation shall be upgraded allowing a higher flexibility for T2S CSDs.

Link: *https://www.ecb.europa.eu/paym/target/t2s/governance/pdf/crg/ecb.targetseccrg200622_T2S-0738-SYS.en.pdf*