

Information from OeKB CSD concerning enhancements of the OeKB CSD Settlement Client and the T2S Release 1.3

1 Enhancements of the OeKB CSD Settlement Client

Billing – segregation by securities account

- The Settlement Client – function Billing – provides now all details of the fees on securities account level (if a segregation is possible). This information is also available in the Excel downloads.
- This enhancement is already available.

Monitoring – T2S business day

- The Settlement Client – function Monitoring – will be providing information regarding the processing status of the T2S business day (e.g. End of Day, Start of Night Time Settlement).
- This enhancement will be available from July 10th, 2017 on.

2 T2S Release 1.3

Nr.	Change Request	Impacted Clients	Delivery date Pre-Production		Delivery date Production
			T2S	Settlement Client	
496	Add "Corporate Action Event Identifier" and reason code "Cancellation due to transformation" in sese.024	DCP/ICP	02.05.2017	14.06.2017	10.07.2017
532	Hold/release default at account level should not override the Hold/Release indicator defined at instruction level	DCP/ICP	02.05.2017	14.06.2017	10.07.2017
549	Statement of Transactions and Statement of Settled Intra-Position Movements reporting for Partially Settled transactions to be made SMPG compliant	DCP	02.05.2017		10.07.2017
564	T2S should also validate the counterparty's securities account in a unmatched settlement instruction	DCP	02.05.2017		10.07.2017
573	Reporting of actually impacted securities Sub-Balance Type in settlement confirmation, Intra-position movement confirmation and Intra-balance movement confirmation messages	DCP	02.05.2017		10.07.2017
576	Handling of leading and trailing "blanks" and "/" in A2A and U2A attributes	DCP	02.05.2017		10.07.2017
595	Allow settlement restrictions and settlement instructions to impact positions other than the earmarked restriction type used at the securities account level	DCP	02.05.2017		10.07.2017
635	Introduction of a new event at the end of cut-off of IDVP	DCP	02.05.2017		10.07.2017

Nr.	Change Request	Impacted Clients	Delivery date Pre-Production		Delivery date Production
			T2S	Settlement Client	
637	T2S enhanced bundling of messages during night-time settlement reporting	DCP	02.05.2017		10.07.2017
651	Apply pagination in the Statement of Transactions (semt.017) at transaction level	DCP	02.05.2017		10.07.2017

Content of the Change Requests

CR 496 - Add “Corporate Action Event Identifier” and reason code “Cancellation due to transformation” in sese.024

- Add the field Corporate Action Event Identification (CorpActnEvtId) in the Transaction Details (TxDtIs) sequence of the sese.024 and MT548
- Add the reason code CANT (CancelledDueToTransformation) as a valid code for the Cancelled Status Reason Code (/SctiesSttlmTxStsAdvC/PrcgSts/Canc/Rsn/Cd/Cd) in sese.024 and MT548
-> this part of the change request depends on the delivery of T2S change request CR 520 which is still in planning

Link: http://www.ecb.europa.eu/paym/t2s/progress/pdf/suburd/cr/t2s_0496_sys.pdf

CR 532 - Hold/release default at account level should not override the Hold/Release indicator defined at instruction level

Currently, T2S puts instructions on hold if the T2S “hold release default” value on account level is set to “Yes”. This is done independently from the hold release status informed in the instructed settlement instruction. In particular, T2S would put instructions on hold which are explicitly instructed as “released”. This might lead to processing problems, e.g. during migration or in the execution of a Corporate Action, where any instruction submitted on an account with “hold release default” value “Yes” is put on hold and must be released in a subsequent step.

This change request will allow to use the “hold/release default” on account level and if it is set to “Yes” T2S will not override the hold/release status mentioned in your settlement instruction. The default status will only apply, if your settlement instruction was sent without explicit hold/release status.

As mentioned in the Settlement Servies Functional Guide this functionality is only available for ISO 20022 messages.

Link: http://www.ecb.europa.eu/paym/t2s/progress/pdf/crg/t2s_0532_sys.pdf

CR 549 - Statement of Transactions and Statement of Settled Intra-Position Movements reporting for Partially Settled transactions to be made SMPG compliant

The aim of the change request is to address current discrepancy between:

- The way T2S reports the Partial settlement in Statement of Transaction reporting (semt.017) and Statement of Settled Intra-Position Movements (semt.016) and
- The SMPG guidelines on Partial Settlement reporting (Last updated in April 2015)

For transactions undergoing partial settlement in multiple partial windows across several business days, T2S must report in the statement of transaction (semt017) and in statement of settled intra-position movements (semt.016) the Cumulative Amount/Quantity over one business day only.

Link: http://www.ecb.europa.eu/paym/t2s/progress/pdf/suburd/cr/t2s_0549_sys.pdf

CR 564 - T2S should also validate the counterparty's securities account in an unmatched settlement instruction

Various business rules on T2S ensure the existence of accounts being informed in T2S settlement instructions. But those validations are only performed on the "own" leg. The counterparty securities account is not subject to such validation rules. This can lead to scenarios where T2S alleges counterparties about intended settlement for counterparty accounts which do not exist or are no longer open, or for accounts, which do not belong to the alleged party or Depository.

The aim of this change request is to avoid such situations and to ensure that the securities account of the counterparty is valid. T2S should only send consistent allegations, which can be properly processed.

Link: http://www.ecb.europa.eu/paym/t2s/progress/pdf/crg/t2s_0564_sys.pdf

CR 573 - Reporting of actually impacted securities Sub-Balance Type in settlement confirmation, Intra-position movement confirmation and Intra-balance movement confirmation messages

At the moment the reporting in the Securities Sub-Balance Type within the sese.025 (settlement confirmation) messages provide the information which is included in the originally sent inbound sese.023 (settlement instruction) and does not reflect the Securities Sub-Balance Type that was used for the settlement. In some specific scenarios, the Securities Sub-Balance Type used for actual settlement could be different from the Securities Sub-Balance Type included in the settlement instruction.

With this change request an accurate reporting of the actually impacted balances for the settlement should be ensured. Therefore, sese.025 (settlement confirmation) messages and semt.015 (intra position movement confirmation) messages should report the position impacted by settlement. Particularly, when:

- the securities account is earmarked at account level
- T2S internally generated instructions for auto-collateralisation / client collateralisation and collateral relocation procedures

Link: http://www.ecb.europa.eu/paym/t2s/progress/pdf/suburd/cr/t2s_0573_sys.pdf

CR 576 - Handling of leading and trailing "blanks" and "/" in A2A and U2A attributes

With this change request T2S introduces new field rules on all reference and identification fields to avoid invalid outbound messages.

The field rules will consist of three parts:

- Disallow the character " / " as the first or the last character on all reference and identification fields.
- Disallow the character "//" as valid character on all reference and identification fields.
- In case the character " / " becomes the first or last character because the leading/trailing " " (Blank) would be deleted, the user will not be able to proceed without changing his entry.

Link: http://www.ecb.europa.eu/paym/t2s/progress/pdf/suburd/cr/t2s_0576_sys.pdf

CR 595 - Allow settlement restrictions and settlement instructions to impact positions other than the earmarked restriction type used at the securities account level

When an account is earmarked at the securities account level all settlement instructions and settlement restrictions instructing on the deliverable or earmarked positions will impact the position defined by the earmarking at securities account level. In practice in such a case when a settlement instruction or settlement restriction contains the deliverable or an earmarked restriction type, T2S automatically replaces these with the restriction type used at the securities account level.

T2S should make no transformation of restriction types within:

- Securities settlement restrictions when either the 'Balance from' or 'Balance to' contains the restriction type used at the securities account level;
- Settlement instructions, with equivalent delivering and receiving securities accounts involving the same party, when the impacted balance(s) specifies the restriction type used at the securities account level.

When the restriction type used at the securities account level is present either:

- In the 'Balance to' or 'Balance from' of a settlement restriction;
- Or the impacted balance(s) of a settlement instruction2;

T2S should not replace the restriction types specified as it does today due to an earmarking at the securities account level.

Link: http://www.ecb.europa.eu/paym/t2s/progress/pdf/suburd/cr/t2s_0595_sys.pdf

CR 635 - Introduction of a new event at the end of cut-off of IDVP

At the moment it could occur that a settlement instruction settling close to DVP cut-off is not included in the statement of transactions report (semt.017) that was configured for this event. The statement of transactions report used to be triggered by the start of event IDVP (in this case occurring at 16:00 hrs). Therefore, currently the reporting period ends exactly at the time of the start of the IDVP procedure, while some instructions might still be processed.

In order to give DCPs the possibility to opt for such reports to be created at the end of the IDVP cut-off event, the EDVP (End of Intraday DVP cut-off) is introduced. This event will be triggered and sent to Report Management after T2S has finalized all settlement processes for instructions impacted by the cut-off.

Link: https://www.ecb.europa.eu/paym/t2s/progress/pdf/crg/t2s_0635_sys.pdf

CR 637 - T2S enhanced bundling of messages during night-time settlement reporting

T2S outbound messages are always sent on a unitary basis in real time, with the exception of the night time settlement (NTS) results which are always sent in file mode. Bundling messages into files provides several benefits, i.e. cost reduction, better capacity optimization at T2S and better performance monitoring and response time reduction. However, the current set-up of night-time settlement (NTS) reporting restricts these benefits. For outbound messages as well as for outbound files the T2S Actor is requested to setup a routing configuration. This routing configuration includes a size criterion. In case of files this leads to the problem that only at the end of the file bundling process the recipient can be defined and the file creation process is slow. If this size criterion is not applicable for files, the files creation process will be much faster and therefore less performance consuming.

With this change request the T2S file bundling process used for the reporting of NTS result should be optimized and a final message to inform DCPs when sending the last file is produced.

As "final message" the ISO message camt.019 (Return Business Day Information message) with the code "FNNTS" (final NTS message) will be used. This dedicated camt.019 message informs about the end of the NTS reporting and not about a change of the system status, i.e. no operational day impact.

Link: http://www.ecb.europa.eu/paym/t2s/progress/pdf/crg/t2s_0637_sys.pdf

CR 651 - Apply pagination in the Statement of Transactions (semt.017) at transaction level

With this change request the pagination of semt.017 should be applied at transaction level, i.e. on element SctiesTxPstngRpt/FinInstrmDtls/Tx.

At the moment the splitting for semt.017 is done on element SctiesTxPstngRpt/FinInstrmDtls. This implies that, if, for a given business day, a large number of instructions in the same ISIN settle on the same account, then the aggregate size of the related transaction information might exceed the 32 MB limit that can be reported in the same page.

Link: https://www.ecb.europa.eu/paym/t2s/progress/pdf/crg/t2s_0651_sys.pdf