General Information (Origin of Request) ☐ User Requirements (URD) ☒ Other User Functional or Technical Documentation (SYS)		
Request raised by: Deutsche Bundesbank on behalf of the German T2S NUG	**Institute:** Central Bank	**Date raised:** 12/07/2016
Request title: Add Event Type Code "EDVP" to list of eligible "event trigger" for standing and predefined liquidity transfer orders		**Request ref. no:** T2S 0628 SYS
Request type: *Common*	**Urgency:** *Normal*	
1. Legal/business importance parameter: Low	**2. Market implementation efforts parameter:** Low	
3. Operational/Technical risk parameter: Low	**4. Financial impact parameter:** Medium	
Requestor Category: Central Bank	**Status:** Withdrawn	

Reason for change and expected benefits/business motivation:
The aim of the Change Request is to avoid that CeBM is blocked (useless) in a DCA during a time, where CeBM is needed in the RGTS System for squaring activities. E.g. in TARGET2 shortly prior to 16h00 CET, and the following approximately 45 minutes payment banks (direct T2 member) and payment banks' customers, square T2 PM accounts and internal accounts. Therefore, accounts in the RTGS systems e.g. T2 PM accounts must be funded accordingly.

The current list of eligible events to trigger a standing and predefined liquidity transfer order to transfer cash from a DCA to an RTGS account allows a transfer at about 16:35 CET the earliest as "event triggered" liquidity transfer, AFTER "unwinding of AutoColl" has taken place. The regular DvP / RvP settlement ends at about 16:00 CET. Consequently, cash remains on a DCA until the "event triggered" automated cash sweep is executed and can NOT be used during that time. From a cash perspective, especially in that time range, payment banks have quite a lot of end of day related payments to settle.

In addition, T2S payment banks are exposed to the following risk, in case several DCAs are belonging to the same T2S party: if a DCA has still pending auto-collateralisation reimbursement instructions at 16h30 (due to a lack of cash on this DCA), T2S will use cash of another DCA belonging to the same T2S party (having a positive cash balance) to cover the short position on the first DCA in order to reimburse the pending auto-coll within the mandatory T2S reimbursement process. This is a significant risk, if different DCAs are used for different Business Divisions or Legal entities in order to ensure a segregated holding of funds. To avoid this, payment banks need to initiate a standing or pre-defined liquidity transfer order with the event type "End of DVP cut-off (EDVP[1])". Even if the DvP settlement ends later than 16h00 on a specific day, the event type would ensure that after the DvP cut-off all remaining cash on the DCAs will be transferred to the default RTGS account.

Therefore the integration of the respective event "End of DvP-cut-off (EDVP)" will deliver all cash users a tangible benefit - STP process will transfer "all cash" directly after DvP/RvP cut off time to the defined RTGS accounts, and the payment bank treasurer of the RGTS account can do EoD squaring activities - i.e. fine tuning of mandatory reserve management.

A "time triggered" all cash liquidity transfer is not an option, since all T2S payment banks DCAs would get squared to zero, at the "trigger time", even if T2S would postpone its regular DvP/ RvP cut off time. This could create a "lack of cash" situation in a lot of DCAs and cash need to be moved back to the DCAs. This can have a significant negative impact on T2S settlement efficiency.

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Description of requested change:
Enlarge the list of possible Events for Standing/ Pre-defined Liquidity Transfer Orders by adding the event type code "EDVP" to the list of eligible events to allow event triggered "all cash" liquidity transfers from T2S DCA to RTGS account.

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Submitted annexes / related documents:

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[1] The new event type EDVP (end of DVP cut-off) will be added to the T2S daily schedule via Change Request T2S-0635-SYS.

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Proposed wording for the Change request:

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High level description of Impact:

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Outcome/Decisions:

* CRG meeting of 6 September 2016: The CRG indicated that the Change Request cannot yet be considered mature from a content point of view and therefore, it is not yet ready for its preliminary assessment.

* CRG meeting of 26 October 2016: The CRG agreed that the Change Request can be considered mature from a content point of view and therefore, it is ready for its preliminary assessment.

* CRG on 10 November 2016: the CRG recommended the launch of the preliminary assessment of the Change Request in a written procedure from 4 to 10 November 2016.

* OMG on 02 December 2016: During a written procedure from 11 November 2016 to 02 December 2016, the Operations Managers Group did not identify any blocking operational impact of the Change Request

* CRG meeting on 12/13 December 2016: The CRG took note of the T2S functionalities/modules impacted by the Change Request following the 4CB preliminary assessment.

* Initiator on 7 January 2020: The initiator withdrew CR-628.

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Preliminary assessment:

- **Impacted functionality/module:** U2A, LQMG, SDMG, LTSI

  No further functional, technical and risk related issues have been identified beyond the elements already described in the Change Request.