

T2S PROGRAMME OFFICE

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v1.2

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## Summary

### Teleconference of the Change Review Group (CRG)

24 March 2016, from 09:00 to 11:30

*held at the European Central Bank, Frankfurt am Main*

#### 1. Introductory session

The Chairperson, Karen Birkel, welcomed participants. The Chairperson informed that the aim of the teleconference was to discuss the outcome of the CRG written procedure on 5 high impact Change Requests (CRs) intended for the T2S Release 1.3, updated versions of Change Requests CR-595, CR-355, CR-573 and CR-534, 4CB's feasibility assessment for CR-593, the OMG feedback on CR 583 (items 6 and 10) and three topics from the UTSG.

The Chairperson informed that going forward the 4CB will prepare 'clarification notes' to explain the potential solutions about how to address the known problems which will be presented to CRG and OMG before fixing a defect, instead of raising Change Requests linked to the problems. This would avoid the creation of a number of CRs related to problems. Any change in the scope defining documents due to resolution of a problem would be included in the editorial CRs. The 4CB informed that they are preparing three clarification notes which will be submitted to the CRG early April 2016. The Chairperson explained that further questions on the new process on handling problems and related CRs will be discussed in the next meeting of the Joint Technical Group of the CRG, Operations Managers Group (OMG) and Project Managers Group (PMG), as it is not only relevant to the CRG.

## **2. Analysis of Change Requests**

### **Change Requests for Release 1.3**

Based on the feedback provided by CRG members in a written procedure from 11 to 18 March 2016, the CRG was in favour of launching the detailed assessment of the Change Requests 549, 565, 573 and 597 that are potential candidates for the T2S Release 1.3. The CRG took note that the 4CB will start the detailed assessment from 1 April 2016.

**Change Request T2S-0549-SYS** (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 follow the SMPG standards on reporting of Cumulative Amount/Quantity in the statement of transaction (semt017) and in statement of settled intra-position movements (semt.016).

CRG decision: The CRG recommended to launch the Change Request for detailed assessment.

**Change Request T2S-0565-SYS** (T2S should allow CSDs to remove links in instructions under CoSD)

The aim of the Change Request is to allow CSDs to remove links in instructions under conditional securities delivery (COSD).

CRG decision: The CRG recommended to launch the detailed assessment of the Change Request.

**Change Request T2S-0573-SYS** (Reporting of actually impacted securities Sub-Balance Type in settlement confirmation and Intra-position movement confirmation messages).

The aim of the Change Request is that the settlement confirmation message (sese.025) and the intra-position movement confirmation message (semt.015) should report the actually impacted positions/balances used in settlement.

The CRG also agreed on the updated version of CR-573, which has now also included Intra- Balance Movement Confirmation message (camt.068) in the scope of the CR.

CRG decision: The CRG recommended to launch the detailed assessment of the Change Request.

**Change Request T2S-0597-SYS** (T2S should identify static data-related transmissions for Central Bank auto-collateralisation and client-collateralisation separately for billing process)

CRG decision: The CRG recommended to launch the detailed assessment of the Change Request.

### **Change Request T2S-0355-URD (New securities account flag “negative position only”)**

The aim of the Change Request is to add a new option to the “negative position indicator” attribute of the securities account which indicates that only negative positions can be held in that account. Currently the options ‘only positive positions’ and ‘positive as well as negative positions’ are possible.

The CRG was of the view that the Change Request was not mandatory for the T2S Release 1.3. A CRG member expressed that although the Change Request could be dropped from Release 1.3, the content of the CR could already be finalised. The 4CB indicated that the Change Request should also include the impact of the on the securities account audit trail queries and reports (i.e reda.036 and reda.037).

The CRG agreed to put the Change Request on hold for the T2S Release 2.0 potentially. The Change Request initiator agreed to update the Change Request following the comments from the 4CB to include that the audit trail-related queries/reports are impacted by the modification of the “negative position indicator” attribute of the securities account. The CRG also agreed to check with the SGMS on impact on messages due to the Change Request.

CRG decision: The CRG put the Change Request on hold for the T2S Release 2.0 potentially.

#### Action points:

- The Change Request initiator will update the Change Request to include that the audit trail-related queries/report are also impacted by the modification of the “negative position indicator” attribute of the securities account.
- The CRG will check with the SGMS on impact on messages due to the Change Request.

### **Change Request T2S-0534-SYS (CFI code and country of issuance of a security should be modifiable and CFI code should be compliant with the updated ISO Standard 10962)**

The aim of the Change Request is to allow CSDs to change the CFI (Classification of Financial Instrument) code of an existing security in T2S static data. The CRG recommended the Change Request for detailed assessment on 10 March 2016.

The CRG agreed to modify the Change Request to add that the T2S business rules for the CFI code in T2S should be updated to be compliant with the new version of the ISO Standard 10962 (2015 version). This version of the CR scope was confirmed to be applicable for the detailed assessment.

CRG decision: The CRG agreed to make some updates on the Change Request and to have the detailed assessment done on the updated version.

### **Change Request T2S-0593-URD (Prevent acceptance (i.e. reaching SF1) of new settlement instructions at the level of a CSD Participant)**

The aim of the CR is to trigger rejection of new incoming settlement instructions based on a flag set at the level of a T2S Party in case of insolvency.

The 4CB explained that various options were analysed to assess the feasibility of an enlargement of the restriction type for insolvency from account to party level. Unfortunately, none of the options could be implemented within the current design of T2S since:

- the options limited to static data management (SDMG) would create performances issues to LCMM and
- the options focussing on Interface (INTF) would mean a deviation from the design principle that one submit action creates only one writing request at backend module level. Such a design change would require very high efforts and integration problems.

The 4CB agreed to provide a detailed view on the two solutions analysed (i.e. change in static data management and change in interface module to implement restriction type at party level) by mid-April.

The CRG did not conclude on including the Change Request in the T2S Release 1.3 and the CRG agreed to discuss on the way forward for the CR based on the 4CB analysis and outcome of written procedure in a CRG Telco in mid-April. The CRG members agreed to provide their feedback on whether the usage of A2A messages to configure restriction types at the level of each insolvent party's account to prevent instruction acceptance (i.e. CR 558<sup>1</sup>) could be used as an alternative to the usage of a restriction type at the level of the insolvent party (i.e. CR 593), until Release 2.0. A CRG member explained that the A2A solution would need in-house development by each CSD.

The CRG agreed to put the Change Request on hold and discuss the way forward in a CRG Telco in mid-April following the outcome of the CRG written procedure.

CRG decision: The CRG put the Change Request on hold.

#### Action points:

- The 4CB will detail the two solutions analysed to enlarge the restriction type for insolvency from account to party level (i.e. change in static data management and change in interface module to implement restriction type at party level) and the reasons why they were not deemed feasible.
- The CRG members will provide their feedback on whether the usage of A2A messages to configure restriction types at the level of each insolvent party's account to prevent instruction acceptance (i.e. CR 558 ) could be used as an alternative to the usage of a restriction type at the level of the insolvent party (i.e. CR 593), until Release 2.0.

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<sup>1</sup> Change Request T2S-0558-URD (Enhance functionality to prevent acceptance (i.e. reaching SF1) of new settlement instructions based on the DCA holder)

**Change Request T2S-0595-SYS (Allow settlement restrictions to impact positions other than the earmarked restriction type used at the securities account level)**

The aim of the CR is to allow settlement restrictions to impact positions other than the earmarked restriction type used at the securities account level so that T2S should make no transformation of securities settlement restrictions when either the 'Balance from' or 'Balance to' contains the restriction type used at the securities account level. The CRG recommended the Change Request for detailed assessment on 10 March 2016.

A CRG member explained that their CSD uses settlement instructions to manage earmarked positions and therefore, they proposed enhancing the scope of the Change Request to also allow already-matched free-of-payment (FOP) instructions crediting and debiting the same securities account to transfer securities between available position (AWAS) and the earmarked position defined at account level. The 4CB indicated that the Change Request could instead be extended for all types of settlement instructions which involve credit and debit of the same securities account in order to minimise the development impact.

The 4CB clarified that a movement from the "earmarked at account level" to "other earmarked" would not be possible for already matched instructions because the position type in the matched leg is not be overwritten by T2S. In an already matched instruction, it is only possible to move positions between "default earmarked" and available position. However in case of unmatched instructions it is possible to move positions to/from "other earmarked".

The 4CB agreed to update the Change Request to include the possible business cases for Settlement Restrictions, unmatched Settlement Instructions and matched Settlement Instructions covered by the Change Request.

The CRG agreed on the 4CB proposal which extends the scope of the CR to allow already matched or unmatched settlement instructions having the same delivering and receiving securities accounts to move positions from earmarking at account level to available positions and vice versa. This version of the Change Request was confirmed to be applicable for the detailed assessment.

CRG decision: The CRG agreed to make some updates on the Change Request and to have the detailed assessment done on the updated version.

Action points:

- The 4CB will update Change Request to include the possible business cases for Settlement Restrictions, unmatched Settlement Instructions and matched Settlement Instructions covered by the Change Request.

## **Other Change Requests**

### **Change Request T2S-0583-SYS (Non-Editorial Change Request on GFS, UDFS and UHB)**

The Change Request includes documentation changes on the T2S User Detailed Functional Specifications v2.1 (UDFS v2.1), User Handbook v2.1 (UHB v2.1) and General Functional Specifications v5.1 (GFS v5.1) related to problem tickets. The changes referring to the UDFS V2.1 will also be reflected, when relevant, into the schema documentation published in MyStandards.

It was explained that the Change Request was recommended for approval by the CRG on 10 March 2016 and given that an OMG member foresees operational impact of items 6 and 10 of the Change Request (i.e. tickets PBI-157356 and PBI-158158 of the T2S Release 1.1.5), the CRG needs to consider the OMG feedback and discuss the way forward.

- Item 6 (PBI-157356) is related to the update of the field Message ID in the Receipt message (camt.025). This field will include the Business Message ID (BizMsgId) of the underlying liquidity transfer order (camt.050), which is part of the Business Application Header (BAH), instead of the Message ID (MsgId) of the underlying liquidity transfer order, which is part of the message payload.
- Item 10 (PBI-158158) is related to new business rules for the Securities Transaction Cancellation Request (sese.020) and the Securities Settlement Transaction Instruction (sese.023) to ensure that a delivering or receiving party can only be included only if the previous delivering or receiving party in the settlement chain has also been populated.

A CRG member explained that the current foreseen resolution of the ticket PBI-157356 (i.e. CR 583 item 6) would also change the Receipt message (camt.025) in case of acceptance (in addition to the rejection scenario), which would have an impact on the already-migrated T2S Actors.

The 4CB explained that item 6 was addressing an inconsistency in the message ID provided in case of rejections as currently T2S provides the BAH Business Message ID in case of a rejection due to a technical rule at interface level, while T2S provides the payload message ID in case of rejection due to business rule. The 4CB pointed out that the CRG agreed on the envisaged resolution for item 6 as part of the discussion on the UTSG topic UT-PBR-054<sup>2</sup> during their teleconference on 1 October 2015.

In terms of delivery, the 4CB explained that a change in the baseline of the T2S Release 1.1.5 might have an impact on the delivery dates of the different software packages in the test environments.

The CRG took note of the OMG feedback that a CSD foresees an operational impact due to the implementation of item 6 and Item 10. However, the OMG member who raised the objection indicated that if all other CRG/OMG members agree, the resolutions would be acceptable and they would adapt their systems accordingly.

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<sup>2</sup> UT-PBR-054 (Message reference in camt.025 –PBI 157356/INC 168557)  
[http://www.ecb.europa.eu/paym/t2s/progress/pdf/tg/crg/crg53/final\\_summary\\_crg\\_meeting\\_2015-10-01.pdf](http://www.ecb.europa.eu/paym/t2s/progress/pdf/tg/crg/crg53/final_summary_crg_meeting_2015-10-01.pdf)

A CRG member, who raised the incidents related to items 6 and 10 agreed to check whether the resolutions provided by the CR are acceptable. The 4CB agreed to check the planning impact of removing items 6 and 10 from the CR.

CRG decision: The CRG did not change its previous recommendation to approve the Change Request and agreed to re-discuss the topic when further information on the ticket resolution acceptance and potential planning impact is available.

Action points:

- The 4CB will check the planning impact of removing items 6 and 10 from the Change Request T2S-0583-SYS (Non-Editorial Change Request on GFS, UDFS and UHB).
- The CRG member (Euroclear) will whether resolutions for the tickets PBI-157356 and PBI-158158 (i.e. CR 583 items 6 and 10) are acceptable

### **3. Input requested by the User Testing Sub-group**

#### **UT-PBR-069 (Update Delete of Certificate DN - INC170876/ INC172896)**

The note explains that a user belonging to a CSD Participant or to a Payment Bank cannot delete a Certificate DN object. Regardless of the privileges being granted to the User, the functionality is not allowed to such a User since the underlying data model structure segregates Certificate DNs by System Entity and not by Party. To avoid that a User belonging to CSD Participant or Payment Bank deletes a certificate DN used by a SUR belonging to a different T2S Actor, this functionality is limited to CSD/NCB user.

The CRG took note of the concerns raised by a CRG member related to restoration of DN certificates by T2S parties which are different from the T2S parties that created these certificate DNs. The 4CB agreed to prepare detailed clarification on current implementation of T2S functionality to address concerns raised by the CRG members. The CRG also acknowledged that the 4CB should continue with the implementation of business rules in case of deletion of certificate DN, that they are not linked to any active users.

Action points:

- The 4CB will prepare a detailed clarification on current implementation of T2S functionality to address concerns raised by the CRG members.

#### **UT-PBR-070 (Reda.041 contains 2 updates. Both updates contain same timestamp INC 177024)**

The 4CB highlighted that the design is consistent in SDMG where all changes are correctly assigned a single timestamp, as they all refer to a single static data maintenance request. The CRG took note that in case the CSD application is not able to handle such a scenario, a possible option is to ensure on the user side that any given static data maintenance request never contains changes related to multiple instances of the same class of information. In the specific case, the user would have had to perform two different static data maintenance request, the first one to create the new Party technical address, the second one to delete the already existing Party technical address. The 4CB highlighted that enforcing such behaviour on the T2S side (i.e. preventing multiple changes of different instances of the same class of information) would require a Change Request and it would imply a significant reduction of functionality and usability for all the users.

The CRG acknowledged that current behaviour when T2S provides same time stamp for changes related to two party technical addresses of the same party in a single request, is as specified in the UDFS. A CRG (Euroclear) member agreed to confirm their understanding of specifications.

#### Action points:

- A CRG (Euroclear) member will confirm on their understanding of specifications

#### **UT-PBR-071 (Priority for T2S generated instructions/restrictions INC 177047)**

The 4CB highlighted that there are no user requirements to align the priority of T2S generated instructions to business instructions. Furthermore, the 4CB clarified that the T2S generated settlement instructions carry normal priority which is communicated in the sese.032 message and is in specifications, on the other hand, T2S generated settlement restrictions are communicated only when settled and therefore specifications do not indicate that T2S generated settlement restriction carry normal priority. The 4CB proposed that change in behaviour to align the priority of T2S generated settlement instructions and settlement restrictions with the priority of the related business settlement instruction would require a change request in T2S.

The CRG noted that T2S generated settlement instruction carry normal priority is as per the specifications (included via change request 584 -Editorial Change Request on URD, GFS, UDFS and UHB). However, the information that the T2S generated settlement restrictions also carry normal priority is not available in the documentation. The CRG acknowledged that there is no mention in the requirements that the priority of generated instructions and restrictions should be same as business instructions.

A CRG member expressed that the T2S doesn't work as expected from the business perspective. The CRG member expected that if a settlement instruction carries higher priority then the priority of the whole set of instructions generated by T2S to settle the business instruction should also carry same priority as the business instruction. The CRG member suggested to adjust the behaviour to align the priority of T2S generated settlement instruction and settlement restrictions with the priority of related



business settlement instruction. The 4CB requested to elaborate in detail the global requirements on filling the priority of T2S generated instructions and restrictions as T2S generates settlement instructions/restrictions for different cases like realignment, auto-collateralisation, conditional settlement etc. The CRG member agreed to further elaborate the requirements from business perspective which would then be discussed in next CRG meeting. These business cases would become the basis of the change request from market. The CRG noted the proposal to define the business cases first before proposing a change request and agreed to align the T2S specifications via the change request arising from the business cases.

The CRG acknowledged that T2S assigns normal priority for all T2S generated settlement instructions and settlement restrictions. The T2S user requirements do not explicitly mention that T2S generated settlement instruction and settlement restrictions should have same priority as underlying business instruction. A CRG member (Clearstream) agreed to elaborate on possible business cases in which T2S should assign same priority for T2S generated settlement instruction and settlement restriction as that of underlying business instruction.

Action points:

- A CRG member (Clearstream) will elaborate on possible business cases in which T2S should assign same priority for T2S generated settlement instruction and settlement restriction as that of underlying business instruction.

**4. Any other business**

The CRG was informed that the next physical CRG meeting date is planned on 24 May 2016.