wb1. General Information

CR Raised by: ECB T2S Project Team	**Institute:** ECB	**Date Raised:** 04/05/2009

Change Request Title: Information provided for cancellations of settlement instructions	**CR Ref.:** T2S URD 203

Change Request Classification: Clarification *(Typo, Consistency, Clarification, Substance)*	**Status:** Approved by the AG

Change Type: Modification *(New Requirement/Modification/Deletion)*	**Requestor Category:** ECB T2S Project Team *(User, 4CB, ECB T2S Project Team)*

Chapter Number/Annex Number	**Req No: (If applicable)**
Chapter 5	T2S.05.410, T2S.05.440, T2S.05.441, T2S.05.442, T2S.05.443, T2S.05.444, T2S.05.445, T2S.05.446, T2S.05.447, T2S.05.448, T2S.05.449

Priority (S,H,M,L): M	**Proposed Implementation Date/Release:** Version 4.2

Description of Requested Change:

The requirements regarding cancellations, status changes for cancellation and allegement processing for cancellations need further detail. Redundancies in the requirements should be removed, specifically between T2S.05.410 and T2S.05.440.

Reason for Change / Expected Benefits / Business Case:

The change request eliminates the previous ambiguity. It also ensures that the individual requirements are uniquely identifiable.

Submitted Annexes / Related Documents:

Proposed wording for the Change Request:

1. Removal of T2S.05.410 as the user requirement T2S.05.440 in URD 4.1 cover this requirement in detail and splitting T2S.05.440 into individual user requirements.

2. Deletion of the requirement T2S.05.410

T2S.05.410 - Possible cancellation of instructions

"T2S shall allow T2S actors to request the cancellation of a settlement instruction in T2S. A T2S actor shall also be allowed to cancel its own previous cancellation request if the latter is still pending."

3. The requirement T2S.05.440 should be modified as follows:

T2S.05.440- Unilateral ~~versus bilateral~~ cancellation

"T2S shall allow CSD participants to cancel settlement instructions unilaterally prior to matching. ~~T2S shall allow only bilateral cancellation for matched instructions, i.e. both parties have to send a cancellation instruction ("binding matching"). On the receipt of the first cancellation instruction, T2S shall send an allegement to the other party to the transaction. T2S shall cancel both settlement instructions upon the reception of the second valid cancellation from the other party and the matching of both cancellation instructions~~ on receipt of a valid cancellation instruction from the other party to the transaction, provided that T2S has not settled the instructions in the meantime.

~~In cases of bilateral cancellation, T2S will check to see whether the cancellation instruction from the counterpart is already in the system. If not, T2S shall retain the cancellation instruction until it receives the second one."~~

4. Separate requirement for bilateral cancellation

T2S.05.441 - Bilateral cancellation

"T2S shall allow only bilateral cancellations for matched instructions, i.e. both parties must send a cancellation instruction ("binding matching"). "

5. Separate requirement for the matching of cancellation instructions

T2S.05.442 - Matching of cancellation instructions

"T2S shall cancel both settlement instructions when it matches both instructions to cancel the settlement instructions and T2S has not settled the instructions in the meantime."

6. Separate requirement for T2S matching exceptions of cancellation instructions

T2S.05.443 - T2S matching exceptions for cancellation instructions

"T2S shall not match cancellation instructions that enter T2S, specified as "already matched" in a processing attribute for a settlement instruction."

7. Separate requirement for Match status of a cancellation instruction

T2S.05.444 - Match status of a cancellation instruction

"T2S shall assign the cancellation instruction the match status "matched" when T2S successfully accepts (creates) an already matched cancellation instruction. T2S shall assign the settlement instruction the match status "unmatched" when T2S successfully accepts (creates) an unmatched cancellation instruction. T2S shall assign an unmatched cancellation instruction the match status "matched" after T2S matches it successfully."

6. Separate requirement for confirmation of cancellation

T2S.05.445 - Confirmation of Cancellation

"T2S shall inform the originator of a cancellation instruction when the cancellation instruction is either executed (i.e. cancellation of the settlement instruction was successful) or cancelled (i.e. settlement instruction could not be cancelled)."

7. Separate requirement for allegement of cancellation

T2S.05.446 - Allegement of cancellation

"For bilateral cancellation, T2S will check whether the cancellation instruction from the counterpart is exists. If the counterpart instruction does not exist, then

- the cancellation instruction will remain pending until it matches with a valid counterpart cancellation instruction;

- and T2S will send an allegement for the cancellation to the counterpart of the settlement instruction."

8. Separate requirement for the cancellation of a cancellation instruction

T2S.05.447 - Cancellation of a cancellation instruction

T2S shall allow a T2S Actor to cancel a pending (unmatched) cancellation instruction.

9. Separate requirement for the allegement removal for a cancellation instruction

T2S.05.448 - Allegement removal for a cancellation instruction

"T2S shall send an allegement removal for the allegement of cancellation instruction of a counterpart, when the cancellation instruction is no longer valid as result of the alleged counterpart sending its cancellation instruction."

10. Separate requirement for the allegement cancellation for a cancellation instruction

T2S.05.449 - Allegement cancellation for a cancellation instruction

"T2S shall send an allegement cancellation for the allegement of a cancellation instruction, when the cancellation instruction is no longer valid as result of the (alleging) instructing party sending a cancellation of its cancellation instruction."

Outcome of meetings:

* SG Meeting of 28 May 2009:

Recommendation to the AG: Approval

* AG meeting on 15 June 2009

Approval of SG recommendation