



EUROPEAN CENTRAL BANK

EUROSYSTEM

General Information (Origin of Request) <input type="checkbox"/> User Requirements (URD) <input checked="" type="checkbox"/> Other User Functional or Technical Documentation (SYS)		
Request raised by: CSD Steering Group (CSG)	Institute: CSG	Date raised: 18/12/2018
Request title: Send status update message upon transition to 'Failing'		Request ref. no: T2S-0692-SYS
Request type: Common	Classification: Maintenance	Urgency: Normal
1. Legal/business importance parameter: Medium	2. Market implementation efforts parameter: Medium	
3. Operational/Technical risk parameter: Medium	4. Financial impact parameter: No cost impact	
Requestor Category: CSD	Status: Implemented	

Reason for change and expected benefits/business motivation:

As part of the initial implementation of CR609, it has been decided not to activate the full reporting functionality of CR609 in order to reduce status update message traffic until CSDR record-keeping requirements come into force. Hence, a switch-functionality has been implemented:

- As long as the switch is set to "off", no status update message is sent when an instruction reaches the completion of the cut-off processing on its ISD (e.g. end of DVP) to inform the status change from "Pending" to "Failing". Nevertheless, any subsequent sese.024 generated, be it due to a change of reason code (e.g. because the instruction is released) or because of recycling, will inform the status "Failing". The identification of instructions as "Failing" is stored in the T2S database and can be used as search criteria as well as retrieved upon query.
- When the switch is set to "on", the full reporting functionality of CR609 is activated, i.e. a status update message is reported when an instruction reaches the completion of the cut-off processing on its ISD to inform the status change from "Pending" to "Failing".

The implementation of this CR is required by the time of the entry into force of the CSDR record-keeping requirements in September 2020.

Description of requested change:

As part of this CR, the CR609 switch functionality must be set to "on", i.e. the full reporting functionality of CR609 is activated. This means that the change of status from 'Pending' to 'Failing' shall trigger the generation of status advice messages by T2S: 'sese.024' (Securities Settlement Transaction Status Advice), 'semt.014' (Intra-Position Movement Status Advice) and 'camt.067' (Intra-Balance Movement Status Advice), for the T2S actors having subscribed to these messages. Please refer to CR609 for a full description.

Submitted annexes / related documents:

Proposed wording for the Change request:

Chapter 2 of UDFS version for CR-609 after switch on (i.e. after CR-692)

Section 1.6.4.1 Status Management

...

Pending and Failing Instructions

[...] (the paragraph after the diagram)

In case an existing instruction (Settlement Instruction or Settlement Restriction already in the system) is identified as "Failing", either in the processing the relevant cut-off, or upon completion of the

processing of the last cut-off for unmatched Settlement Instructions, T2S does not send a status advice to the T2S Actor to inform about this update (unless this status advice is also informing about the end of a partial release process, in which case it is sent by T2S). Additionally, upon the identification of an instruction as "Failing" T2S performs a Settlement Eligibility Check [□ 849] triggering the relevant status advice messages if applicable (i.e. change from the last business rule or reason code communicated).

In case an existing instruction is identified as "Failing" through an unsuccessful eligibility check because its applicable cut-off has been reached, the T2S Actor is informed through a message communicating the "Failing" ISO settlement status together with the relevant reason code.

In case an incoming instruction is identified as directly "Failing" in its validation, T2S informs the T2S Actor that the instruction is accepted and "Failing" through a message communicating the "Failing" ISO settlement status together with the relevant T2S status and/or reason codes as described in sections Send Settlement Instruction, Send Settlement Restriction on Securities Position and Send Settlement Restriction on Cash Balance.

In case an instruction is identified as "Failing", the T2S Actor is informed through a message communicating the "Failing" ISO settlement status together with the relevant T2S status and/or reason codes as described in sections Send Settlement Instruction, Send Settlement Restriction on Securities Position and Send Settlement Restriction on Cash Balance. Additionally, upon the identification of an instruction as "Failing" in the processing of the relevant cut-off, T2S performs an additional Settlement Eligibility Check triggering the relevant status advice messages if applicable (i.e. change from the last business rule or reason code communicated).

Interested parties can also be informed depending on their message subscription preferences (see Section Status and Section Message subscription).

Section 2.3. Send Settlement Instruction

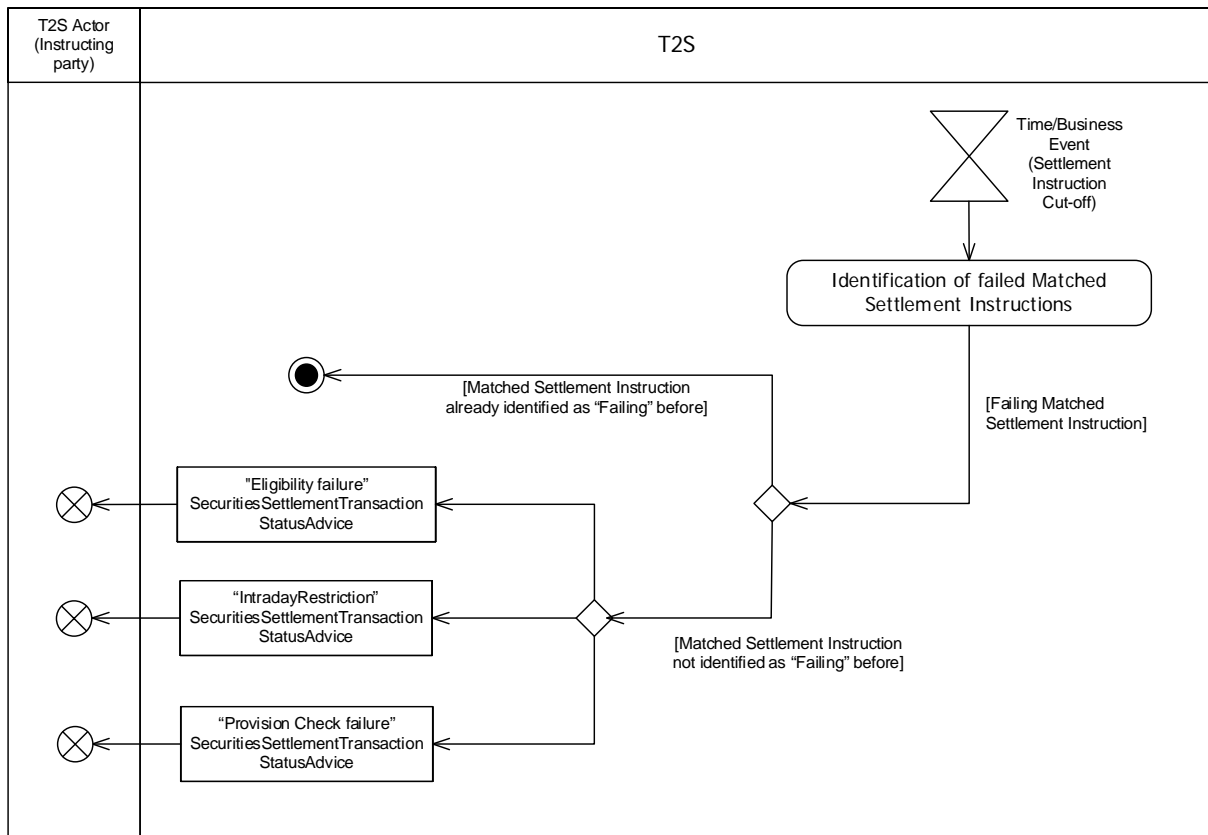
New section to describe the process to communicate the instructions identified as "Failing" during the Real time closure period for matched instructions:

2.3.6 Reporting of Matched Settlement Instructions identified as failed in their cut-off

During the Real Time closure Period, in the processing of each cut-off, T2S identifies as "Failing" the Settlement Instructions that can no longer settle at their Intended Settlement Date, and informs the T2S Actor if T2S has not already communicated the "Failing" before.

2.3.6.1 Time / Business Event

The Time / Business Event relates to the processing of a settlement cut-off (i.e.: DVP, BATM, CBO or FOP cut-off). It triggers the identification of failed Matched Settlement instructions



2.3.6.2 Identification of failed Matched Settlement Instructions

When the identification of failed Matched Settlement Instructions is triggered, T2S identifies the matched Settlement Instructions that need to be updated to “Failing”.

I **[Failing Matched Settlement Instructions]** Matched Settlement Instructions eligible to the cut-off, which have reached their Intended Settlement Date and are not settled, are identified as “Failing”.

- **[Matched Settlement Instructions not identified as “Failing” before]** The instructing T2S Actor is provided with the relevant “Eligibility Failure” [▶1380] or “Intraday Restriction” [▶1380] or a “Provision check failure” [▶1380] SecuritiesSettlementTransactionStatusAdvice [1476] including the “Failing” ISO settlement status with the applicable reason(s) for failure.
- **[Matched Settlement Instructions already identified as “Failing” before]** T2S updates the instruction but no action is performed in terms of communication towards the T2S Actor.

Upon identification of a Failing Matched Settlement Instruction, T2S performs a Settlement Eligibility Check over all failing instructions eligible to the cut-off, triggering the relevant status advice messages communication if applicable (i.e. change from the last business rule or reason code communicated).

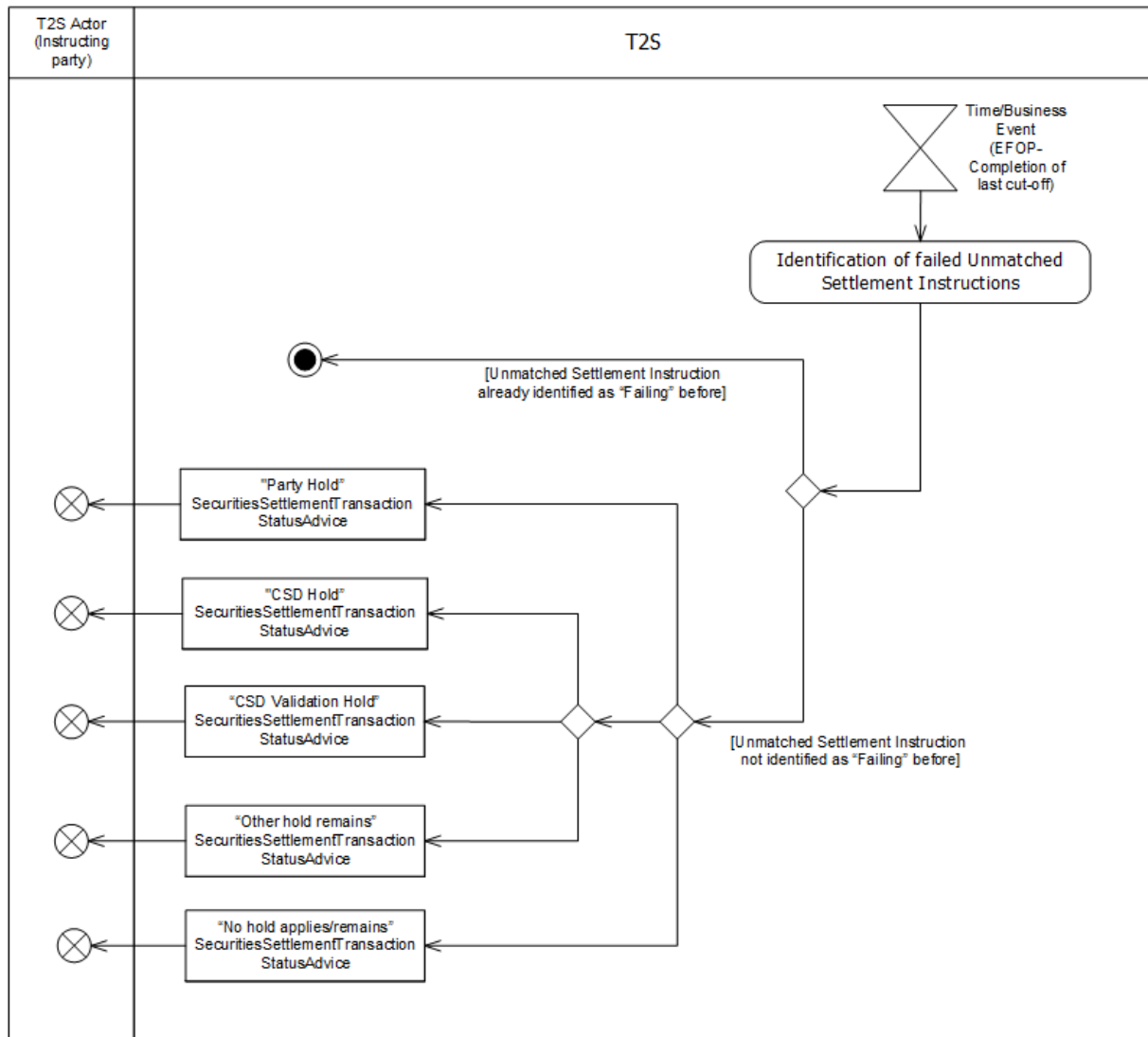
New section to describe the process to communicate the instructions identified as "Failing" during the Real time closure period for unmatched instructions:

2.3.7 Reporting of Unmatched Settlement Instructions identified as failed after the last cut-off of the settlement day

Upon completion of the last settlement cut-off (FOP cut-off), T2S identifies as "Failing" the Unmatched Settlement Instructions that can no longer settle at their Intended Settlement Date, and informs the T2S Actor if T2S has not already communicated the "Failing" before.

2.3.7.1 Time / Business Event

The Time / Business Event relates to the completion of the last cut-off for Settlement Instructions ("end of FOP cut-off" event - EFOP). It triggers the identification of failed Unmatched Settlement Instructions



2.3.7.2 Identification of failed Unmatched Settlement Instructions

When the identification of failed instructions is triggered, T2S identifies the Unmatched Settlement Instructions that need to be updated to "Failing".

- I **[Failing Unmatched Settlement Instructions]** Unmatched Settlement Instructions, which have reached their Intended Settlement Date, are identified as "Failing".
 - **[Unmatched Settlement Instructions not identified as "Failing" before]** The instructing T2S Actor is provided with the relevant "Party Hold" [], "CSD Hold" [], "CSD Validation Hold" [], "Other Hold remains"[], "No hold remain/exist"[] [SecuritiesSettlementTransactionStatusAdvice](#) [1476] including the "Failing" ISO settlement status with the applicable reason(s) for failure.
 - **[Unmatched Settlement Instructions already identified as "Failing" before]** No action is performed.

The index of the following section has to be modified:

2.3.6-2.3.8 Inbound and Outbound messages.

2.4 *Send Settlement Restriction on Securities Position*

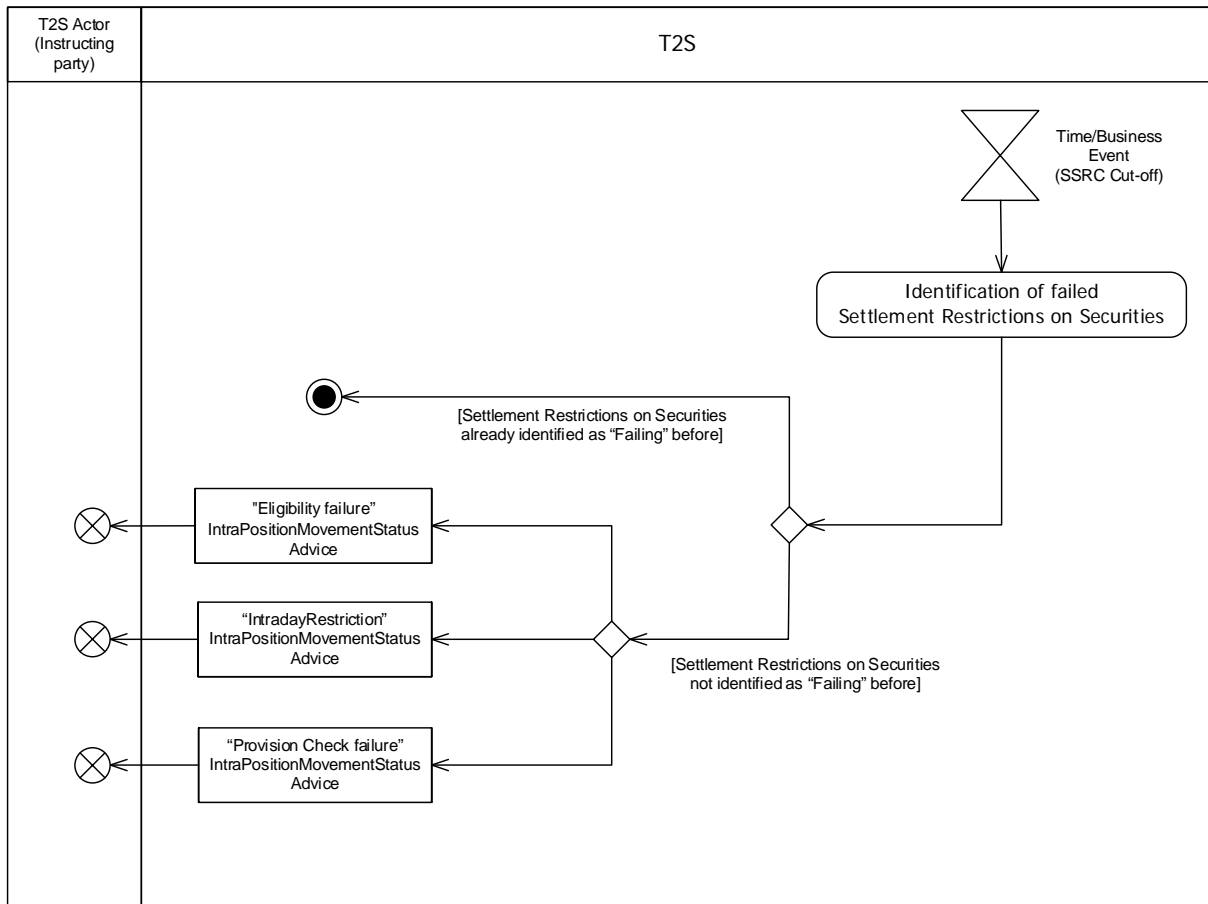
Include a new section to describe the process to communicate the Settlement Restriction on Securities identified as "Failing" during the Real time closure period.

2.4.6 Reporting of Securities Settlement Restriction identified as failed in their cut-off

During the Real Time closure Period, in the processing of the Securities Settlement Restriction cut-off, T2S identifies as "Failing" the Settlement Restrictions on Securities that can no longer settle at their Intended Settlement Date, and informs the T2S Actor if T2S has not already communicated the "Failing" before.

2.4.6.1 Time / Business Event

The Time / Business Event relates to the processing of the settlement cut-off SSRC. It triggers the identification of failed Settlement Restriction on Securities.



2.4.6.2 Identification of failed instructions

When the identification of failed Instructions is triggered, T2S identifies the Settlement Restriction on Securities that need to be updated to “Failing”.

I **[Failing Settlement Restrictions on Securities]** Settlement Restriction on Securities eligible to the cut-off, which have reached their Intended Settlement Date and are not settled, are identified as “Failing”.

- **[Settlement Restrictions on Securities not identified as “Failing” before]** The instructing T2S Actor is provided with the relevant “[Eligibility Failure](#)” [], “[Intraday Restriction](#)” [] or “[Provision check failure](#)” [] [IntraPositionMovementStatusAdvice](#) [] including the “Failing” ISO settlement status with the applicable reason(s) for failure.
- **[Settlement Restrictions on Securities already identified as “Failing” before]** No action is performed.

The index of the following section has to be modified:

2.4.6 2.4.7 Inbound and outbound

2.5 Send Settlement Restriction on Cash Balance

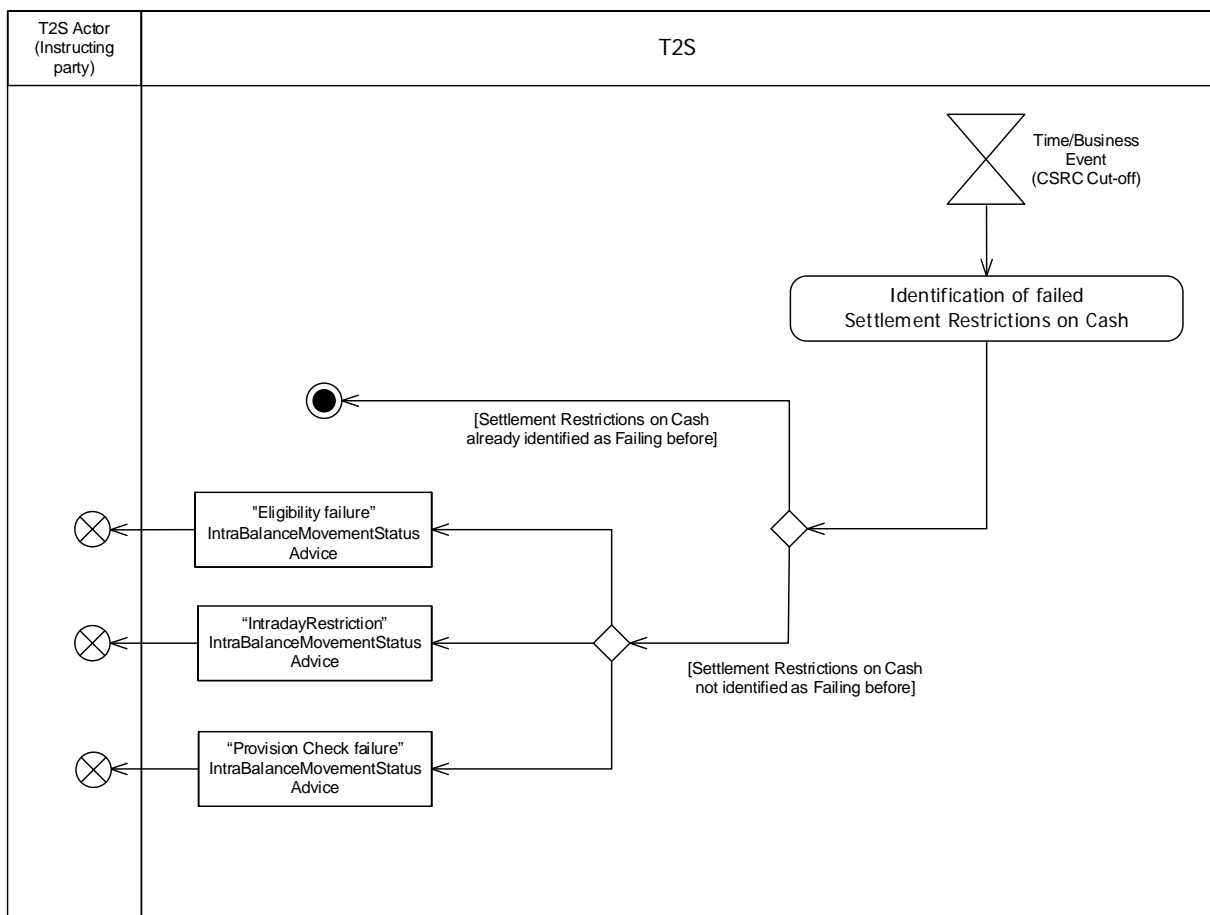
Include a new section to describe the process to communicate the Settlement Restriction on Cash identified as "Failing" during the Real time closure period.

2.5.6 Reporting of Cash Settlement Restriction identified as failed in their cut-off

During the Real Time closure Period, in the processing of the Cash Settlement Restriction cut-off, T2S identifies as "Failing" the Settlement Restrictions on Cash that can no longer settle at their Intended Settlement Date, and informs the T2S Actor if T2S has not already communicated the "Failing" before.

2.5.6.1 Time / Business Event

The Time / Business Event relates to the processing of the settlement cut-off CSRC. It triggers the identification of failed Settlement Restriction on Cash.



2.5.6.2 Identification of failed Settlement Restriction on Cash

When the identification of failed Settlement Restriction on Cash is triggered, T2S identifies the Settlement Restriction on Cash that need to be updated to "Failing".

- 1 **[Failing Settlement Restrictions on Cash]** Settlement Restriction on Cash eligible to the cut-off, which have reached their Intended Settlement Date and are not settled, are identified as "Failing".

- **[Settlement Restrictions on Cash not identified as “Failing before]** The instructing T2S Actor is provided with the relevant [“Eligibility Failure”](#) [], [“Intraday Restriction”](#) [] or [“Provision check failure”](#) [] [IntraBalanceMovementStatusAdvice](#) [] including the “Failing” ISO settlement status with the applicable reason(s) for failure.
- **[Settlement Restrictions on Cash already identified as “Failing” before]** No action is performed.

The index of the following section has to be modified:

2.5.6 2.5.7_Inbound and outbound

High level description of Impact:

Outcome/Decisions:

- *CRG on the 23 January 2019: The CRG agreed to recommend for authorisation CR-692 by the T2S Steering Level.
- * AMI-SeCo on the 6 February 2019: The AMI-SeCo has agreed to the recommendation of the CRG to authorise this Change Request.
- * CSG on the 6 February 2019: The CSG took the resolution to authorise this Change Request.
- * NECSG on the 8 February 2019: The CSG took the resolution to authorise this Change Request.
- * MIB on 18-19 February 2019: The MIB agreed to authorise this Change Request.
- * PMG on 4 September 2019: The PMG confirmed that the OMG should be consulted as regards the switch-on date in Production, also taking into account guidance by the CSDR-TF.
- * OMG on 31 March 2020: the OMG confirmed that CR-692 could be switched on with R4.2
- * PMG on 25 April 2020: The PMG launched the detailed assessment for CR-692 in view of R4.2.
- * CRG on 26 May 2020: The CRG agreed to recommend to the PMG to implement CR-692 to T2S release 4.2.
- * PMG on 28 May 2020: The PMG took note of the CRG recommendation to implement CR-692 in R4.2 and agreed to the proposed release allocation, subject to the outcome of the OMG operational assessment.
- * OMG on 3 June 2020: the OMG did not identify any new operational impact due to the scope extension of Release 4.2 by CR-692
- * CSG on 9 June 2020: The CSG approved the inclusion of CR-692 in the scope of T2S Release 4.2
- * NECSG on 10 June 2020: The CSG approved the inclusion of CR-692 in the scope of T2S Release 4.2
- * MIB on 15 June 2020: The MIB approved the inclusion of the CR in the scope of T2S R4.2.
- * PMG on 15 September 2020: The PMG agreed to remove CR-692 from the scope of R4.2 and launched the detailed re-assessment for CR-692 in view of R5.0.
- * CRG on 25 September 2020: The CRG recommended to the PMG the inclusion of CR-692 in Release 5.0.
- * OMG on 28 September 2020: The OMG did not identify any operational impact due to the re-assessment of the CR within the scope of R.5.0.
- * PMG on 29 September 2020: the PMG agreed to the inclusion of CR-692 in the scope of R5.0.
- * CSG on 15 October 2020: the CSG agreed on the de-scoping of CR-692 from R4.2 and on the allocation of the CR to R5.0
- * NECSG on 16 October 2020: the NECSG agreed on the de-scoping of CR-692 from R4.2 and on the allocation of the CR to R5.0
- * MIB on 03 November 2020: the MIB approved the de-scoping of CR-692 from R4.2 and the inclusion of the CR in T2S R5.0.

EUROSYSTEM ANALYSIS – GENERAL INFORMATION
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T2S Specific Components	Common Components
LCMM	
<input type="checkbox"/> Instructions validation	
<input checked="" type="checkbox"/> Status management	
<input type="checkbox"/> Instruction matching	
<input type="checkbox"/> Instructions maintenance	
<input type="checkbox"/> Penalty Mechanism	
Settlement	
<input type="checkbox"/> Standardisation and preparation to settlement	
<input type="checkbox"/> Night-time Settlement	
<input type="checkbox"/> Daytime Recycling and optimisation	

	Daytime Validation, provisioning & booking	
	Auto-collateralisation	
Liquidity Management		
	Outbound Information Management	
	NCB Business Procedures	
	Liquidity Operations	
T2S Interface (as of June 2022 without Static Data Management, Communication for SDMG, Scheduler, Billing)		
	Communication	
	Outbound Processing	
	Inbound Processing	
Static Data Management (until June 2022)		Common Reference Data Management (from R6.0 June 2022)
	Party data management	Party data management
	Securities data management	Securities data management
	Cash account data management	Cash account data management
	Securities account data management	Securities account data management
	Rules and parameters data management	Rules and parameters data management
Statistics and archive		Statistics and archive
	Statistical information (until June 2022)	Short term statistical information
	Legal archiving (until June 2022)	Legal archiving (from R6.0)
		Data Warehouse (from R6.0)
Information (until June 2022 containing reference data)		CRDM business interface (from R6.0 June 2022)
	Report management	Report management
	Query management	Query management
		Communication
		Outbound Processing
		Inbound Processing
Operational Services		
	Data Migration (T2S DMT)	Data Migration (CRDM DMT, from R6.0)
	Scheduling (until June 2022)	Business Day Management (from R6.0)
		Business Day Management business interface (from R6.0)
	Billing (until June 2022)	Billing (from R6.0)
		Billing business interface (from R6.0)
	Operational Monitoring	Operational and Business Monitoring
	OMEGA Templates	

Impact on major documentation		
Document	Chapter	Change
Impacted GFS chapter		
Impacted UDFS chapter	1.6.4.1 Status Management	New paragraph to explain the communication process for the failing status
	2.3.6 Reporting of Matched Settlement	New section to describe the process to

	<p>Instructions identified as failed in their cut-off.</p> <p>2.3.7 Reporting of Unmatched Settlement Instructions identified as failed after the last cut-off of the settlement day</p> <p>2.4.6 Reporting of Securities Settlement Restriction identified as failed in their cut-off</p> <p>2.5.6 Reporting of Cash Settlement Restriction identified as failed in their cut-off</p>	<p>communicate the instructions identified as "Failing" during the Real time closure period for matched instructions:</p> <p>New section to describe the process to communicate the instructions identified as "Failing" during the Real time closure period for unmatched instructions:</p> <p>New section to describe the process to communicate the Settlement Restriction on Securities identified as "Failing" during the Real time closure period.</p> <p>New section to describe the process to communicate the Settlement Restriction on Cash identified as "Failing" during the Real time closure period.</p>
Additional deliveries for Message Specification		
UHB		
Links with other requests		
Links	Reference	Title
OVERVIEW OF THE IMPACT OF THE REQUEST ON THE T2S SYSTEM AND ON THE PROJECT		
<p>Summary of functional, development, infrastructure and migration impacts</p> <p>T2S will activate the switch on parameter in order to trigger the generation of status advice messages by T2S created ad- hoc to inform about the change of an instruction from 'Pending' to 'Failing' for the T2S actors having subscribed to these messages:</p> <ul style="list-style-type: none"> ▪ 'sese.024' (Securities Settlement Transaction Status Advice), ▪ 'semt.014' (Intra-Position Movement Status Advice) and ▪ 'camt.067' (Intra-Balance Movement Status Advice), 		
Impact on other TARGET Services and projects		
The changes described in this Change Request do not impact TIPS and the CSLD project. At the current juncture there is no concrete impacted on EMCS.		
Summary of project risk		
Security analysis		
No potentially adverse effect was identified during the security assessment.		