General Information (Origin of Request)

☒ User Requirements (URD)

☒ Other User Functional or Technical Documentation (SYS)

Request raised by: Clearstream	**Institute:** Clearstream	**Date raised:** 16/08/2013
Request title: Links between securities accounts and T2S parties		**Request ref. no:** T2S 0424 URD

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:** No cost impact
Requestor Category: CSD	**Status:** Authorised at Steering Level

Reason for change and expected benefits/business motivation:

This is a purely editorial Change Request aimed at clarifying the possible links between CSDs, CDS Participants and External CSDs and the different types of Securities Accounts available in T2S.

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Description of requested change:

The requested change consists in adding some clarification text in the UDFS in order to make fully and clearly expressed what are the possible links that can be established in T2S between the different party types and securities account types. These possibilities are already specified in detail in chapter 4.1, on the basis of the following business rules that apply when creating new securities accounts:

- **DAC1030**: When performing a Security Account create request, the Party it is linked to, must refer to an existing and active instance in T2S with Party Type equal to CSD, CSD Participant or External CSD.

- **DAC1031**: When performing a Security Account create request, the Party it is linked to must be equal to CSD, if the account type is "mirror account" or "inter-csd account" or "T2S technical offset account".

- **DAC1032**: When performing a Security Account create request, the Party it is linked to must be equal to CSD Participant or External CSD, if the account type is "omnibus account" or "CSD participant account".

- **DAC1034**: When performing a Security Account create request, the Party it is linked to must be equal to CSD or CSD Participant if the account type is "issuance account".

The aim of this editorial change is simply to reflect these elements also in chapter 1, where applicable.

The following table shows in detail all the possible links stemming from the above mentioned business rules:

S/A Type	CSD	CSD Participant	External CSD
CSD Participant Account	NO	YES	YES
Mirror Account	YES	NO	NO
Omnibus Account	NO	YES	YES
Inter-CSD Account	YES	NO	NO
Issuance Account	YES	YES	NO
Technical Offset Account	YES	NO	NO

Furthermore, the requested change envisions some complementary explanations, at UDFS level only, on how to instruct T2S when the relevant securities accounts are linked to a CSD, i.e. to a level 2 element within the T2S hierarchical party model.

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Submitted annexes / related documents:

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Proposed wording for the URD Change request:

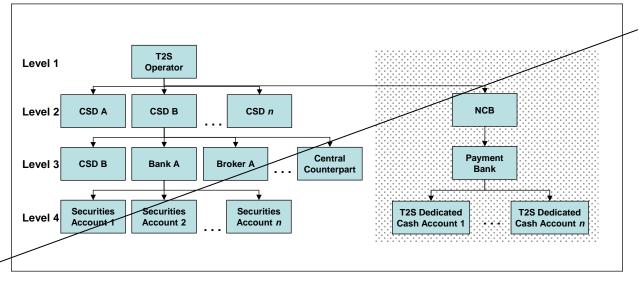**URD Section 16.8.1 "Hierarchical Party Model"**

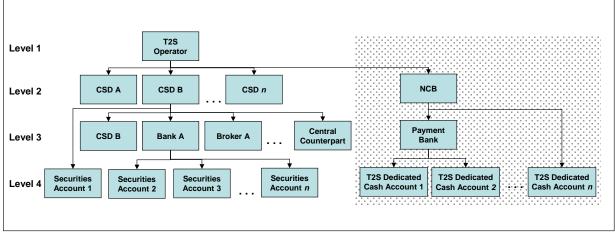| Reference ID	T2S.16.540

The party reference data shall support a hierarchical ~~account~~ structure, which shall also define the relationships between the parties. The T2S operator shall constitute the top level of the hierarchy. The second tier of the party hierarchy shall be the CSD and NCB.

The hierarchical structure for the CSD shall support all T2S party data pertaining securities settlement. This leg of the hierarchical structure shall identify the assignment of the securities account ~~on the lowest level~~ to the CSD participant ~~and~~ <u>or</u> the CSD. CSD participants shall include central counterparts, trading platforms, stock exchanges and financial institutions with a contractual relationship to a CSD. ~~Securities accounts linked to the CSD participant and T2S dedicated cash accounts linked to a payment bank or settlement bank shall exist on the lowest level of the hierarchy.~~ <u>The hierarchy shall link the securities account operated by the CSD participant to the relevant CSD.</u> The securities accounts can be either omnibus accounts or end-investor accounts for markets with direct holdings systems.

The NCB leg of the hierarchy shall include all data relating to the NCB and the T2S dedicated cash accounts held by payment banks with the NCBs. The third tier of the hierarchy shall be the payment banks operating T2S dedicated cash accounts. <u>This leg of the hierarchical structure shall identify the assignment of the T2S dedicated cash account to the payment bank or the NCB</u>. ~~The T2S dedicated cash accounts shall exist on the lowest level of the hierarchy.~~ The hierarchy shall link the T2S dedicated cash account <u>operated by the payment bank</u> to the relevant NCB.

Figure 16-5 – Hierarchical Party Model

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Proposed wording for the SYS Change request:

UDFS Section 1.2.6.1 "Categories of accounts"

Page 86, lines 1-5:

- Securities account: CSDs open and maintain securities accounts in their books for their participants (including external CSDs) and for themselves. In the latter case, each CSD can open securities accounts both as a CSD and as its own participant. It is possible for a CSD to be defined in T2S as a CSD participant of itself, in 2 which case it is possible for it to hold its own securities account as well. These securities accounts hold the securities positions of the party~~participant~~ they are linked to and are used for the settlement of instructions in T2S.

UDFS Section 1.2.6.5 "Securities accounts"

Page 90, lines 2-14:

Each CSD opens securities accounts in its books for all its participants (including external CSDs) and for itself. T2S envisages the following types of securities accounts:

- CSD Participant Account, i.e. the ordinary securities account linked to a CSD participant or to an external CSD and used for settlement of instructions;
- CSD Mirror Account, CSD Omnibus Account and Inter-CSD Account, all used for cross-CSD settlement (See section 1.2.6.6 "Configuration of securities accounts for cross-CSD settlement and external CSD settlement")[49]. Mirror Accounts and Inter-CSD Accounts are linked to a CSD, whereas Omnibus Accounts are linked to a CSD participant or to an external CSD;
- Issuance Account, i.e. the securities account linked to the CSD or to a CSD participant and reflecting the holdings of the participants of the issuer CSD for a given financial instrument. The issuer CSD can specify the issuance account for any given security when setting up its securities CSD links configuration for the same security (see section 1.2.2.3 "Configuration of Securities CSD Links");
- T2S Technical Offset Account, i.e. a specific technical account linked to the CSD and foreseen for settlement in direct holding markets only.[50]

[49] Business validation of this data is provided in section 1.6.1.1 "Business Validation"

[50] Information of usage of accounts during settlement is provided in chapter 1.6.1 "Settlement"

UDFS Section 4.3 "Index of Message References"

Pages 1552-1555: The business scenarios 1-4 mentioned within UDFS 1.2.1 "Index of message References" are deleted and replaced by the following:

4.3 Index of ~~Message~~ Instruction References

The Index of Instruction References provides the detailed description of the business references relevant for the processing in T2S of Settlement Instructions (i.e. Securities Settlement Transaction Instruction -sese.023- ISO message).

4.3.1 Business References

- T2S Actor Reference: Unambiguous identification of the transaction as known by the Instructing Party. The T2S Actor Reference is:
  - Mandatory in any incoming Settlement Instruction[1]. It is included in the Transaction Identification field of the sese.023 message (SctiesSttlmTxInstr/TxId).
  - Unique: For each incoming sese.023 message, T2S checks that there is no pending instruction with the same combination of T2S Actor Reference and Instructing Party (Instructing Party BIC and Instructing Party Parent BIC). In case a sese.023 message conveys an already matched instruction, both Settlement Instructions created in T2S (i.e. delivering and receiving) will share the same T2S Actor Reference.
  - Used for the reporting of status changes of Settlement Instructions (i.e. status advices and confirmations). Upon acceptance of a Settlement Instruction, all the related status advices and confirmations will include this reference in either the Account Owner Transaction Identification, or in the Account Servicer Transaction Identification or in the Processor Transaction Identification. The T2S Actor Reference is reported back in the Account Owner Transaction Identification, Account Servicer Transaction Identification or Processor Transaction Identification depending on the Instructing Party of the instruction (see section *4.3.2 Reporting of the T2S Actor Reference*).
  - Used for referring to a Settlement Instruction for its maintenance (Cancellation, Hold/Release or Amendment Instruction) and for linking the Settlement Instruction (i.e. with, after or before) to another instruction. In case a Cancellation, Hold/Release or Amendment Instruction refers to an already matched instruction by the T2S Actor Reference, then the maintenance will apply to both Settlement Instructions created in T2S (i.e. delivering and receiving) for this already matched (as they both share the same T2S Actor Reference).
- T2S Reference: Identification of a Settlement Instruction assigned by T2S. The T2S Reference is:
  - Provided to all Settlement Instructions created in T2S upon their acceptance (i.e. provided to Settlement Instructions received from a T2S Actor as well as to internally generated by T2S)
  - Unique: For each Settlement Instruction, even in case a sese.023 message conveys an already matched instruction, each of the Settlement Instructions created in T2S (i.e. delivering and receiving) will have a different T2S Reference.
  - Used for the reporting of status changes of Settlement Instructions (i.e. status advices and confirmations). Upon acceptance of a Settlement Instruction, all the related status advices and confirmations will include this reference in the Market Infrastructure identification.
  - Used for referring to a Settlement Instruction for its maintenance (Cancellation, Hold/Release or Amendment Instruction) and for linking the Settlement Instruction (i.e. with, after or before) to another instruction. In case a Cancellation, Hold/Release or Amendment Instruction refers to the T2S Reference of one of the Settlement Instructions created in T2S (i.e. delivering and receiving) for an already matched, then the maintenance will apply only to the referred Settlement Instruction (i.e. the delivering or the receiving)
- Common Trade Reference: Unique reference agreed upon by the two trade counterparties to identify the trade. The Common Trade Reference is:
  - An optional matching field provided by T2S Actors to facilitate matching. When provided, it is included in the Common Identification field of the sese.023 message (Document/SctiesSttlmTxInstr/ SttlmTpAndAddtlParams/CmonId).
  - T2S does not check the uniqueness of this field.
- T2S Matching Reference: Unique common reference assigned by T2S to all the Settlement Instructions comprising a transaction (i.e. to a pair of matched Settlement Instructions and their realignments if any). The T2S Matching Reference is:
  - Provided by T2S independently on whether the pair of Settlement Instructions was matched in T2S or whether they were received as already matched.

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[1] Internally generated Settlement Instructions do not have T2S Actor Reference

- Used by T2S Actors to identify the counterpart instruction of any Settlement Instruction which may be needed for market claims, value added services, or reconciliation activities.

It is worth mentioning that from the above business references only the T2S Actor Reference and the T2S Reference are relevant for Settlement Restrictions. Given that Settlement Restrictions are unilateral and therefore do not require matching, neither the Common Trade Reference nor the T2S Matching Reference apply.

4.3.2 Reporting of the T2S Actor Reference

As described in the previous section, the T2S Actor Reference of the Settlement Instruction is reported back via the Account Owner Transaction Identification, Account Servicer Transaction Identification or Processor Transaction Identification in the status advice or settlement confirmation messages depending on the Instructing Party of the instruction.

This section describes in detail the reporting of the T2S Actor reference:

- When the Instructing Party is a CSD, the T2S Actor Reference is reported back in the Account Servicer Transaction Identification.

- When the Instructing Party is not a CSD, then:

  - In case the Instructing Party is a CSD Participant and additionally the owner of the securities account of the instruction, the T2S Actor Reference is reported back in the Account Owner Transaction Identification.

  - In case the Instructing Party is a CSD Participant and it is not the owner of the securities account of the instruction, the T2S Actor Reference is reported back in the Processor Transaction Identification.

  - In case the Instructing Party is an External CSD and additionally the owner of the securities account, the T2S Actor Reference is reported back in the Account Owner Transaction Identification. An External CSD is the owner of the securities account: either in intra/cross-CSD settlements where the owner of the securities account in T2S static data is the External CSD e.g. an omnibus account held in its technical issuer CSD (its parent CSD); or in external-CSD settlements where the depository is also the External CSD (i.e. the securities account is external to T2S).

  - In case the Instructing Party is an External CSD, and it is not the owner of the securities account of the instruction, the T2S Actor Reference is reported back in the Processor Transaction Identification.

In all the cases when the T2S Actor reference is not reported back in the Account Owner Transaction Identification[2], the T2S Actor may include additionally the reference of the account owner when instructing T2S. This additional reference is:

- Only for reconciliation purposes as it is not processed by T2S and cannot be used neither for the maintenance of the Settlement Instruction (i.e. cancellation, hold/release or amendment) nor for linking the Settlement instruction (i.e. with, after or before) to another instruction.

- The T2S Actor may include the additional reference of the account owner in the Processing Id of the Delivering CSD Participant (SctiesSttlmTxInstr/ DlvrgSttlmPties/Pty1/PrcgId) in a delivering Settlement Instruction, or in the Processing Id of the Receiving CSD Participant (SctiesSttlmTxInstr/RcvgSttlmPties/Pty1/PrcgId) in a receiving Settlement Instruction.

- T2S will report back this reference in the Account Owner Transaction Identification only if the T2S Actor reference is not reported back in the Account Owner Transaction Identification. I.e. in case the Instructing Party is the Account owner, the Transaction Id (TxId) will be reported back in the Account Owner Transaction Identification and the Processing Id of the Delivering or the Receiving CSD Participant will not be taken into account.

For a more comprehensive description, the reporting of the T2S Actor reference (and the additional account owner reference if any) is illustrated hereafter for all the possible scenarios that may occur when a T2S Actor instructs T2S. Additionally, in order to be as comprehensive as possible, the scenario of a T2S internally generated Settlement Instruction is also illustrated.

For all scenarios described, the following legend applies:

	T2S Actor Reference
	T2S Reference
	Addictional Account owner reference

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[2]   T2S Actor reference is not reported back in the Account Owner Transaction Identification when either a) the Instructing Party is a CSD; or b) the Instructing Party is not a CSD (i.e. it is a CSD Participant or an External CSD) and it is not the owner of the securities account of the instruction.

4.3.2.1 CSD as Instructing Party

In this case the Instructing Party BIC (AppHdr/Fr/FIId/FinInstnId/BICFI) and the Instructing Party Parent BIC (AppHdr/Fr/FIId/FinInstnId/Othr/Id) identify a Party in T2S with party type CSD (i.e. BIC of the CSD itself and BIC of the T2S Operator respectively).

The T2S Actor reference is reported back in the Account Servicer Transaction Identification.

Within this case, it might happen that the owner of the securities account is also the CSD (this can only occur if the securities account is a Mirror, an Inter-CSD or an Issuance Account) but it might also happen that the CSD is not the owner of the securities account. In either way, as already mentioned, the T2S Actor reference is reported back in the Account Servicer Transaction Identification because the Instructing Party is a CSD (i.e. independently on who is the owner of the securities account),

The Instructing Party (i.e. the CSD) may include additionally the reference of the account owner.

EXAMPLE 1: UNMATCHED SETTLEMENT INSTRUCTION INSTRUCTED BY A CSD WITHOUT INCLUDING THE REFERENCE OF THE ACCOUNT OWNER

	Unmatched delivering or receiving Securities settlement transaction **instruction** with Intructing Party= CSD	Securities settlement transaction **status advice**
BAH	head.001.001.01	head.001.001.01
BAH From BICFI	CSD	T2S
BAH From Other	T2S	CSD
BAH To BICFI	T2S	CSD
BAH To Other	CSD	T2S
Message	sese.023.001.03	sese.024.001.03
TxId	CSD-TxRef	NA
AcctOwnrTxId	NA	NONREF
AcctSvcrTxId	NA	CSD-TxRef
PrcrTxId	NA	
MrktInfraStructTxId	NA	T2S-Ref
Processing ID (section 11 or 12) (Party 1 only)		

This example relates to the following business scenarios: a CSD instructing one leg of a Corporate Action (e.g. a CSD instructing for itself against an Issuance Account[3]).

EXAMPLE 2: ALREADY MATCHED SETTLEMENT INSTRUCTION INSTRUCTED BY A CSD WITHOUT INCLUDING THE REFERENCE OF THE ACCOUNT OWNER

	Already matched Securities settlement transaction **instruction** with Intructing Party= CSD	Securities settlement transaction **status advice** (delivering side)	Securities settlement transaction **status advice** (receiving side)
BAH	head.001.001.01	head.001.001.01	head.001.001.01
BAH From BICFI	CSD	T2S	T2S
BAH From Other	T2S	CSD	CSD
BAH To BICFI	T2S	CSD	CSD
BAH To Other	CSD	T2S	T2S
Message	sese.023.001.03	sese.024.001.03	sese.024.001.03
TxId	CSD-TxRef	NA	NA
AcctOwnrTxId	NA	NONREF	NONREF
AcctSvcrTxId	NA	CSD-TxRef	CSD-TxRef
PrcrTxId	NA		
MrktInfraStructTxId	NA	T2S-Ref 1	T2S-Ref 2
Processing ID (section 11 or 12) (Party 1 only)			

This example relates to the following business scenario: a CSD instructing both legs of a Corporate Action

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[3]   As stated in the general description, for this example it does not matter whether the CSD is the owner of the securities account or not.

EXAMPLE 3: UNMATCHED SETTLEMENT INSTRUCTION INSTRUCTED BY A CSD INCLUDING THE REFERENCE OF THE ACCOUNT OWNER

	Unmatched delivering or receiving Securities settlement transaction **instruction** with Intructing Party= CSD	Securities settlement transaction **status advice**
BAH	head.001.001.01	head.001.001.01
BAH From BICFI	CSD	T2S
BAH From Other	T2S	CSD
BAH To BICFI	T2S	CSD
BAH To Other	CSD	T2S
Message	sese.023.001.03	sese.024.001.03
TxId	CSD-TxRef	NA
AcctOwnrTxId	NA	CSDP-Ref-1
AcctSvcrTxId	NA	CSD-TxRef
PrcrTxId	NA	
MrktInfraStructTxId	NA	T2S-Ref
Processing ID (section 11 or 12) (Party 1 only)	CSDP-Ref-1	CSDP-Ref-1

This example relates to the following business scenario: a CSD, as account servicer, instructs T2S on behalf of a CSD Participant (CSDP)

EXAMPLE 4: ALREADY MATCHED SETTLEMENT INSTRUCTION INSTRUCTED BY A CSD INCLUDING THE REFERENCES OF THE ACCOUNT OWNERS

	Already matched Securities settlement transaction **instruction** with Intructing Party= CSD	Securities settlement transaction **status advice** (delivering side)	Securities settlement transaction **status advice** (receiving side)
BAH	head.001.001.01	head.001.001.01	head.001.001.01
BAH From BICFI	CSD	T2S	T2S
BAH From Other	T2S	CSD	CSD
BAH To BICFI	T2S	CSD	CSD
BAH To Other	CSD	T2S	T2S
Message	sese.023.001.03	sese.024.001.03	sese.024.001.03
TxId	CSD-TxRef	NA	NA
AcctOwnrTxId	NA	CSDP A-Ref-1	CSDP B-Ref-2
AcctSvcrTxId	NA	CSD-TxRef	CSD-TxRef
PrcrTxId	NA		
MrktInfraStructTxId	NA	T2S-Ref 1	T2S-Ref 2
Processing ID (section 11 or 12) (Party 1 only)	Section 11- Deli: CSDPA-Ref-1 Section 12- Rece: CSDPB-Ref-2	Section 11- Deli: CSDPA-Ref-1 Section 12- Rece: CSDPB-Ref-2	Section 11- Deli: CSDPA-Ref-1 Section 12- Rece: CSDPB-Ref-2

This example relates to the following business scenario: a CSD, as account servicer, instructs T2S both legs of a transaction on behalf of the two CSD Participants involved i.e. CSD Participant A (CSDP A) and CSD Participant B (CSDP B).

4.3.2.2 CSD Participant as Instructing Party

In this case the Instructing Party BIC (AppHdr/Fr/FIId/FinInstnId/BICFI) and the Instructing Party Parent BIC (AppHdr/Fr/FIId/FinInstnId/Othr/Id) identify a Party in T2S with party type CSD Participant (i.e. BIC of the CSD Participant itself and BIC of the CSD respectively).

The T2S Actor reference is reported back either:

- In the Account Owner Transaction Identification if the Instructing Party is also the owner of the securities account; or

- In the Processor Transaction Identification if the Instructing Party is not the owner of the securities account.

EXAMPLE 1: UNMATCHED SETTLEMENT INSTRUCTION INSTRUCTED BY A **CSD** PARTICIPANT WHICH IS ALSO THE OWNER OF THE SECURITIES ACCOUNT

	Unmatched delivering or receiving Securities settlement transaction **instruction** with Intructing Party = CSDP which is the owner of the securities account	Securities settlement transaction **status advice** (sent to the CSDP)
BAH	head.001.001.01	head.001.001.01
BAH From BICFI	CSDP	T2S
BAH From Other	CSD	CSD
BAH To BICFI	T2S	CSDP
BAH To Other	CSD	CSD
Message	sese.023.001.03	sese.024.001.03
TxId	CSDP-TxRef-1	NA
AcctOwnrTxId	NA	CSDP-TxRef-1
AcctSvcrTxId	NA	
PrcrTxId	NA	
MrktInfraStructTxId	NA	T2S-Ref
Processing ID (section 11 or 12) (Party 1 only)		

This case relates to the following business scenario: a CSD Participant (CSDP) instructs T2S for itself (i.e. to move securities from/to one of its securities accounts)

EXAMPLE 2: UNMATCHED SETTLEMENT INSTRUCTION INSTRUCTED BY A **CSD** PARTICIPANT WHICH IS NOT THE OWNER OF THE SECURITIES ACCOUNT

	Unmatched delivering or receiving Securities settlement transaction **instruction** with Intructing Party = CSDP which is not the owner of the securities account	Securities settlement transaction **status advice** (sent to the CSDP)
BAH	head.001.001.01	head.001.001.01
BAH From BICFI	CSDP A	T2S
BAH From Other	CSD	CSD
BAH To BICFI	T2S	CSDP A
BAH To Other	CSD	CSD
Message	sese.023.001.03	sese.024.001.03
TxId	CSDPA-TxRef-1	NA
AcctOwnrTxId	NA	CSDPB-Ref-2
AcctSvcrTxId	NA	
PrcrTxId	NA	CSDPA-TxRef-1
MrktInfraStructTxId	NA	T2S-Ref
Processing ID (section 11 or 12) (Party 1 only)	CSDPB-Ref-2	CSDPB-Ref-2

This example relates to the following business scenario: a CSD Participant (CSDP A) instructs T2S on behalf of the owner of the securities account (CSDP B)

EXAMPLE 3: ALREADY MATCHED SETTLEMENT INSTRUCTION INSTRUCTED BY A **CSD** PARTICIPANT WHICH IS THE OWNER OF ONE OF THE SECURITIES ACCOUNTS (E.G. THE DELIVERING)

For this example, the Instructing Party might be either the owner of the receiving securities account, or the owner of the delivering securities account. Both possibilities are depicted hereafter:

- Option 1. The CSDP (e.g. a CCP) is the owner of the receiving securities account:

	Already matched Securities settlement transaction **instruction** with Intructing Party= CSDP (CCP) which is the owner of the receiving securities account	Securities settlement transaction **status advice** (delivering side) (sent to the CSDP-CCP)	Securities settlement transaction **status advice** (receiving side) (sent to the CSDP-CCP)
BAH	head.001.001.01	head.001.001.01	head.001.001.01
BAH From BICFI	CSDP (CCP)	T2S	T2S
BAH From Other	CSD	CSD	CSD
BAH To BICFI	T2S	CSDP (CCP)	CSDP (CCP)
BAH To Other	CSD	CSD	CSD
Message	sese.023.001.03	sese.024.001.03	sese.024.001.03
TxId	CCP-TxRef-123	NA	NA
AcctOwnrTxId	NA	CSDPA-Ref-1	CCP-TxRef-123
AcctSvcrTxId	NA		
PrcrTxId	NA	CCP-TxRef-123	
MrktInfraStructTxId	NA	T2S-Ref 1	T2S-Ref 2
Processing ID (section 11 or 12) (Party 1 only)	Section 11- Deli: CSDPA-Ref-1	Section 11- Deli: CSDPA-Ref-1	Section 11- Deli: CSDPA-Ref-1

- Option 2. The CSDP (e.g. a CCP) is the owner of the delivering securities account:

	Already matched Securities settlement transaction **instruction** with Intructing Party= CSDP (CCP) which is the owner of the delivering securities account	Securities settlement transaction **status advice** (delivering side) (sent to the CSDP-CCP)	Securities settlement transaction **status advice** (receiving side) (sent to the CSDP-CCP)
BAH	head.001.001.01	head.001.001.01	head.001.001.01
BAH From BICFI	CSDP (CCP)	T2S	T2S
BAH From Other	CSD	CSD	CSD
BAH To BICFI	T2S	CSDP (CCP)	CSDP (CCP)
BAH To Other	CSD	CSD	CSD
Message	sese.023.001.03	sese.024.001.03	sese.024.001.03
TxId	CCP-TxRef-123	NA	NA
AcctOwnrTxId	NA	CCP-TxRef-123	CSDP B-Ref-2
AcctSvcrTxId	NA		
PrcrTxId	NA		CCP-TxRef-123
MrktInfraStructTxId	NA	T2S-Ref 1	T2S-Ref 2
Processing ID (section 11 or 12) (Party 1 only)	Section 12- Rece: CSDPB-Ref-2	Section 12- Rece: CSDPB-Ref-2	Section 12- Rece: CSDPB-Ref-2

This example relates to the following business scenario:

- A CSD Participant (e.g. a CCP) instructs T2S both legs of a transaction, i.e. one leg for itself as owner of one of the securities account and another on behalf of its counterpart (owner of the securities account). The first option relates to the situation where after the novation, the CCP has to receive securities from CSDP A; while the second option relates to the situation where after the novation, the CCP has to deliver securities to CSDP B.

EXAMPLE 4: ALREADY MATCHED SETTLEMENT INSTRUCTION INSTRUCTED BY A CSD PARTICIPANT WHICH IS NOT THE OWNER OF ANY OF THE SECURITIES ACCOUNTS

	Already matched Securities settlement transaction **instruction** with Intructing Party= CSDP C which is not the owner of any of the securities accounts	Securities settlement transaction **status advice** (delivering side) (sent to the CSDP C)	Securities settlement transaction **status advice** (receiving side) (sent to the CSDP C)
BAH	head.001.001.01	head.001.001.01	head.001.001.01
BAH From BICFI	CSDP C	T2S	T2S
BAH From Other	CSD	CSD	CSD
BAH To BICFI	T2S	CSDP C	CSDP C
BAH To Other	CSD	CSD	CSD
Message	sese.023.001.03	sese.024.001.03	sese.024.001.03
TxId	CSDP C-TxRef-123	NA	NA
AcctOwnrTxId	NA	CSDPA-Ref-1	CSDPB-Ref-2
AcctSvcrTxId	NA		
PrcrTxId	NA	CSDP C-TxRef-123	CSDP C-TxRef-123
MrktInfraStructTxId	NA	T2S-Ref 1	T2S-Ref 2
Processing ID (section 11 or 12) (Party 1 only)	Section 11- Deli: CSDPA-Ref-1 Section 12- Rece: CSDPB-Ref-2	Section 11- Deli: CSDPA-Ref-1 Section 12- Rece: CSDPB-Ref-2	Section 11- Deli: CSDPA-Ref-1 Section 12- Rece: CSDPB-Ref-2

This example relates to the following business scenario: a CSD Participant (e.g. a trading platform-CSDP C) instructs T2S both legs of a transaction on behalf of the owners of the securities accounts (CSDP A and CSDP B)

4.3.2.3 External CSD as Instructing Party

In this case the Instructing Party BIC (AppHdr/Fr/FIId/FinInstnId/BICFI) and the Instructing Party Parent BIC (AppHdr/Fr/FIId/FinInstnId/Othr/Id) identify a Party in T2S with party type External CSD (i.e. BIC of the External CSD itself and BIC of the parent CSD respectively).

The T2S Actor reference is reported back either:

- In the Account Owner Transaction Identification if the External CSD is also the owner of the securities account as for example in case of a an external-CSD settlement (i.e. the depository is also the External CSD), or for example in case of settlement in an Omnibus account (i.e. the depository is the parent CSD); or

- In the Processor Transaction Identification if the Instructing Party is not the owner of the securities account.

EXAMPLE 1: UNMATCHED SETTLEMENT INSTRUCTION INSTRUCTED BY AN EXTERNAL CSD WHICH IS THE OWNER OF THE SECURITIES ACCOUNT

	Unmatched delivering or receiving Securities settlement transaction **instruction** with Intructing Party= External CSD which is the owner of the securities account	Securities settlement transaction **status advice** (sent to the ExtCSD)
BAH	head.001.001.01	head.001.001.01
BAH From BICFI	Ext-CSD	T2S
BAH From Other	CSD	CSD
BAH To BICFI	T2S	Ext-CSD
BAH To Other	CSD	CSD
Message	sese.023.001.03	sese.024.001.03
TxId	ExtCSD -TxRef	NA
AcctOwnrTxId	NA	ExtCSD -TxRef
AcctSvcrTxId	NA	
PrcrTxId	NA	
MrktInfraStructTxId	NA	T2S-Ref
Processing ID (section 11 or 12) (Party 1 only)		

This example relates to the following business scenarios:

- An External CSD instructs T2S in an external CSD settlement (i.e. the relevant depository is also the External CSD)

- An External CSD instructs T2S to move securities from/to its omnibus account held in its technical issuer CSD (its parent CSD). I.e. The relevant depository stated in the instruction is the parent CSD.

EXAMPLE 2: ALREADY MATCHED SETTLEMENT INSTRUCTION INSTRUCTED BY AN EXTERNAL CSD WHICH IS THE OWNER OF BOTH SECURITIES ACCOUNTS

	Already matched delivering or receiving Securities settlement transaction **instruction** with Intructing Party= External CSD which is the owner of both securities accounts	Securities settlement transaction **status advice** (delivering side) (sent to the ExtCSD)	Securities settlement transaction **status advice** (receiving side) (sent to the ExtCSD)
BAH	head.001.001.01	head.001.001.01	head.001.001.01
BAH From BICFI	ExtCSD	T2S	T2S
BAH From Other	CSD	CSD	CSD
BAH To BICFI	T2S	ExtCSD	ExtCSD
BAH To Other	CSD	CSD	CSD
Message	sese.023.001.03	sese.024.001.03	sese.024.001.03
TxId	ExtCSD -TxRef	NA	NA
AcctOwnrTxId	NA	ExtCSD -TxRef	ExtCSD -TxRef
AcctSvcrTxId	NA		
PrcrTxId	NA		
MrktInfraStructTxId	NA	T2S-Ref 1	T2S-Ref 2
Processing ID (section 11 or 12) (Party 1 only)	Section 11- Deli: CSDPA-Ref-1 Section 12- Rece: CSDPB-Ref-2	Section 11- Deli: CSDPA-Ref-1 Section 12- Rece: CSDPB-Ref-2	Section 11- Deli: CSDPA-Ref-1 Section 12- Rece: CSDPB-Ref-2

This example relates to the following business scenarios:

- An External CSD instructs T2S both legs of a transaction in an external CSD settlement (i.e. the receiving and delivering depository is also the External CSD). This scenario is relevant for the case in which the External CSD holds different omnibus accounts in its parent CSD.
- An External CSD instructs T2S both legs of a transaction for the movement of securities between two of its omnibus accounts held in its technical issuer CSD (its parent CSD).

4.3.2.4 T2S internally generated Settlement Instruction

In this case the Instructing Party is always the owner of the securities account. Upon creation of the instruction, T2S sends a Securities Settlement Transaction Generation Notification -sese.032- message. Given that it is an outgoing message, the Instructing Party of the T2S generated Settlement Instruction is reported as a couple of BICs in the "To" block of the BAH. I.e.: AppHdr/To/FIId/FinInstnId/BICFI (Instructing Party BIC) and in AppHdr/To/FIId/FinInstnId/Othr/Id (Instructing Party Parent BIC).

T2S generated Settlement Instructions do not have T2S Actor Reference and therefore "NONREF" is reported. This "NONREF" value is always reported in the Account Owner Transaction Identification because the Securities Settlement Transaction Generation Notification -sese.032- ISO message does not have either Account Servicer Transaction Identification or Processor Transaction Identification.

EXAMPLE 1: T2S GENERATED SETTLEMENT INSTRUCTION FOR A SECURITIES ACCOUNT OWNED BY A CSD (I.E. THE CSD IS THE INSTRUCTING PARTY)

	Delivering or receiving T2SgSI Securities settlement transaction **generation notification** with Intructing Party= CSD
BAH	head.001.001.01
BAH From BICFI	T2S
BAH From Other	CSD
BAH To BICFI	CSD
BAH To Other	T2S
Message	sese.032.001.03
TxId	NA
AcctOwnrTxId	NONREF
AcctSvcrTxId	NA
PrcrTxId	NA
MrktInfraStructTxId	T2S-Ref
Processing ID (Party 1 only)	NA

This example relates to the following business scenarios:

- A T2S generated Settlement Instruction whose securities account is a Mirror account (i.e. for realignment at the investor CSD in a cross-CSD settlement where the Technical Issuer is also a CSD in T2S)
- A T2S generated Settlement Instruction whose securities account is an Inter CSD account (i.e. for realignment at the investor CSD in an external-CSD settlement where the Technical Issuer is an External CSD)

EXAMPLE 2: T2S GENERATED SETTLEMENT INSTRUCTION FOR A SECURITIES ACCOUNT OWNED BY A CSD PARTICIPANT (I.E. THE CSDP IS THE INSTRUCTING PARTY)

	Delivering or receiving T2SgSI Securities settlement transaction **generation notification** with Intructing Party= CSDP
BAH	head.001.001.01
BAH From BICFI	T2S
BAH From Other	CSD
BAH To BICFI	CSDP
BAH To Other	CSD
Message	sese.032.001.03
TxId	NA
AcctOwnrTxId	NONREF
AcctSvcrTxId	NA
PrcrTxId	NA
MrktInfraStructTxId	T2S-Ref
Processing ID (Party 1 only)	NA

This example relates to the following business scenarios:

- A T2S generated Settlement Instruction whose securities account is an Omnibus account (i.e. for realignment at the Technical Issuer in a cross-CSD settlement where the Investor is also a CSD in T2S)

EXAMPLE 3: T2S GENERATED SETTLEMENT INSTRUCTION FOR A SECURITIES ACCOUNT OWNED BY AN EXTERNAL CSD (I.E. THE EXTERNAL CSD IS THE INSTRUCTING PARTY)

	Delivering or receiving T2SgSI Securities settlement transaction **generation notification** with Intructing Party= External CSD
BAH	head.001.001.01
BAH From BICFI	T2S
BAH From Other	CSD
BAH To BICFI	Ext-CSD
BAH To Other	CSD
Message	sese.032.001.03
TxId	NA
AcctOwnrTxId	NONREF
AcctSvcrTxId	NA
PrcrTxId	NA
MrktInfraStructTxId	T2S-Ref
Processing ID (Party 1 only)	NA

This example relates to the following business scenario: A T2S generated Settlement Instruction whose securities account is an Omnibus account owned by an External CSD (i.e. for realignment at the Technical Issuer in an external-CSD settlement where the Investor is an External CSD)

4.3.3 Business Application Header examples

This annex provides an overview of the fulfilment of the Business Application Header by describing different examples considering not only Settlement Instructions (i.e. sese.023) but a relevant sub set of all the messages Catalogue used in T2S.

FROM/TO SPECIFICATION FOR THE BUSINESS APPLICATION HEADER

CASE 1: DVP INSTRUCTION TO T2S

_____

High level description of Impact:

_____

Outcome/Decisions:

* CRG meeting of 24 October 2013: The CRG decided to recommend the approval of the Change Request and agreed that the CRG member could send minor wording suggestions by 1 November 2013.

* Written procedure with the CRG from 25 October to 1 November 2013: The CR was updated following the comments from the CRG members.

* Written procedure with the CRG from 12 to 22 November 2013: The CRG decided to recommend the approval of the updated CR.

* Advisory Group's advice on 4 December 2013: Following a written procedure from 27 November to 4 December 2013, the AG was in favour of the Change Request.

* CSD Steering Group meeting of 3-4 December 2013: The CSG adopted the resolution to approve the Change Request.