Summary

Meeting of the Change Review Group (CRG)

24 May 2016, from 09:30 to 17:30

held at the European Central Bank, Frankfurt am Main (C2.04)

1. Introductory session

The Chairperson, Karen Birkel, welcomed the participants and the new CRG representative of Société Générale, Olivier Leveque. The Chairperson also introduced the new ECB representative David Weidner to the CRG, who replaced Chandrajeet Dhami. The Chairperson informed about the extension of next CRG meeting on 6 July 2016 by additional half day on 7 July 2016, as longer discussion is foreseen for Change Requests from CSDR task force and presentation on Change Requests that are in backlog. The Chairperson also informed that the CRG meeting on 6 September 2016 will be hosted by Banco de España in Madrid.

The Chairperson informed that the aim of the CRG meeting was to inform about the Change Requests from CSG Task Force on CSD Regulation (CSDR) and other Change Requests, provide Sub-group on Message Standardisation (SGMS) feedback on various Change Requests which were sent to the SGMS for advice, debrief the CRG members about the Securities Market Practice Group's (SMPG) discussion on Change Requests and propose a plan of action to resolve the existing backlog of Change Requests.

2. Feedback on action points from previous CRG meetings

The participants were informed that, considering the high number of action points from previous CRG meetings, only the 'open' action points would be discussed during the meeting. The feedback of CRG members for action point which were 'pending closure' would be collected through the written procedure[1].

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[1] During the written procedure from 25 May 2016 till 7 June 2016, the CRG members did not raise any objection for the action points with the status 'pending closure'; hence the action points were considered closed.

Regarding **T2SACTION-2370** (Short term functional solution for the cash forecast report - The 4CB will check by end May 2016 whether the interim solution applied for the cash forecast report can technically be applied for the settlement instruction query), the 4CB informed that the assessment is on-going. The action point remains open.

Regarding **T2SACTION-2369** (Short term functional solution for the cash forecast report - The 4CB will update the scope defining document (UDFS) to reflect the interim solution, until the full functionality is available), the 4CB informed that the UDFS update to reflect the interim solution for the cash forecast report was included in Change Request T2S-0616-SYS (Multiplex Editorial Change Request on UDFS and UHB). The CRG agreed to close the action point if the UDFS updates were included in the CR-616. The action point was closed[*].

Regarding **T2SACTION-2359** (SDD-PBR-0002: T2S Actors should also be able to close a T2S Dedicated Cash Account on the current business date in U2A – PBI-159050 - The 4CB will amend the UHB via an editorial Change Request to align the T2S specifications with the expected T2S behaviour, after the OMG approves the functional assessment shared by the CRG), the 4CB informed that the UHB update to specify that T2S Actors can close a T2S Dedicated Cash Account on the current business date in U2A was included in Change Request T2S-0616-SYS (Multiplex Editorial Change Request on UDFS and UHB). The CRG agreed to close the action point if the UDFS updates were included in the CR-616. The action point was closed[*].

Regarding **T2SACTION-2357** (SDD-PBR-0001: T2S Actors should not be allowed to change the positive/negative flag in a restriction type case one – PBI-158796 - The 4CB will update the T2S specifications via an editorial Change Request to align the T2S specifications with the expected T2S behaviour, after the OMG approves the functional assessment shared by the CRG), the 4CB informed that the T2S specification update to specify that T2S Actors are not allowed to change the positive/negative flag in a restriction type case one was included in Change Request T2S-0616-SYS (Multiplex Editorial Change Request on UDFS and UHB). The CRG agreed to close the action point if the UDFS updates were included in the CR-616. The action point was closed[*].

Regarding **T2SACTION-2286** (The ECB will add following updates on the CRG website 1. Arelease number for each CR 2. Publish all CRs on the website 3. Separate tab to provide information on T2S releases 4. Separate tab to provide summary of CRG feedback on UTSG topics), the Chairperson informed the participants about the updates on the CRG website: 1. It was not possible to provide a release number for each of the Change Request due to the limitation on alignment of the webpage; 2. Change Requests are yet to be published; 3. A separate tab has been created to publish the presentations about each T2S Release; 4. Summaries of CRG feedback on UTSG topics have been published. The action point remains open until the Change Requests are published on the main webpage of the CRG.

Regarding **T2SACTION-2281** (T2S-0596-SYS: Enhance Settlement Instruction - Details screen to display T2S Matching Reference, the T2S Reference (Market Infrastructure Transaction

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[*] The changes were included in the T2S-0616-SYS (Multiplex Editorial Change Request on UDFS and UHB), hence the action point was closed after the CRG meeting on 24 May 2016.

Identification) and T2S Actor Reference of the Counterparty settlement instruction - The CR initiator will prepare a presentation on the business case for the CR. After the next CRG, the CRG will share this CR with the DCP-G for expert feedback on the need for the functionality), the CR initiator informed that no presentation was required, instead he would provide the relevant screen shots. The action point remains open.

Regarding **T2SACTION-2278** (The 4CB will take into account the concerns raised by some of the CRG members about potential impacts on the SOD/EOD during the detailed assessments of CR-564 "T2S should also validate the counterparty's securities account in a unmatched settlement instruction" and CR-549 "Statement of Transactions and Statement of Settled Intra-Position Movements reporting for Partially Settled transactions to be made SMPG compliant" in the T2S Release 1.3), the 4CB informed that the detailed assessment on CR-564 and CR-549 is currently ongoing. The action point remains open.

Regarding **T2SACTION-2227** (Change Request T2S-0588-SYS: Inclusion of the DCA in the auto-collateralisation messages i.e. T2S generated instructions (sese.032) and/or the corresponding settlement confirmations (sese.025) - The 4CB will check whether an ISO change is required to implement the CR-588), the 4CB informed that as outcome of the SGMS Telco on 18 April 2016, an ISO CR was not required for implementation of CR-588. The action point was closed.

Regarding **T2SACTION-2224** (Change Request T2S-0572-SYS: A2A message to remove close links - The 4CB will check whether an ISO CR will be required), the 4CB informed that ISO CR was not required. The action point was closed.

Regarding **T2SACTION-2161** (UT-PBR-060: Changing the "Positive/Negative Parameter Set" in Restriction Type Case one -INC000000171580 - The 4CB will update the scope defining documents to clarify that change of the positive/negative parameter of a restriction type is not possible), the 4CB informed that an update of the scope defining documents to specify that T2S Actors are not allowed to change the positive/negative flag in a restriction type case one was included in Change Request T2S-0616-SYS (Multiplex Editorial Change Request on UDFS and UHB). The CRG agreed to close the action point if the UDFS updates were included in the CR-616. The action point was closed[*].

Regarding **T2SACTION-2159** (The 4CB will compile a list of their questions to the CR initiators for the CRs on hold), the 4CB informed that they are compiling a list of their questions to the CR initiators for the Change Requests on hold. The action point remains open.

Regarding **T2SACTION-2153** (Change Request T2S-0580-SYS: Additional automatic intraday reimbursement of NCB auto collateralisation instructions - The ECB will check with T2 colleagues whether additional automatic intraday reimbursement should be mandatory), during the discussion of CR-580 the CRG agreed that the additional automatic intraday reimbursement should be optional. However the change request still needs to be shared with T2 after being updated. The action point remains open.

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[*] The changes were included in T2S-0616-SYS (Multiplex Editorial Change Request on UDFS and UHB), hence the action point was closed after the CRG meeting on 24 May 2016.

Regarding **T2SACTION-2152** (Change Request T2S-0580-SYS: Additional automatic intraday reimbursement of NCB auto collateralisation instructions - The CRG will share the Change Request T2S-0580-SYS with DCP-G for their opinion on additional automatic intraday reimbursement, after all updated have been made. In particular the DCP-G expertise is required on the timings foreseen for the intraday reimbursement of collateralisation as well as whether it should be made optional or mandatory), the CRG was informed that the ECB will share the Change Request with the DCP-G after the updated Change Request was discussed during the meeting. The action point remains open.

Regarding **T2SACTION-2142** (Change Request T2S-0565-SYS: T2S should allow CSDs to remove links in instructions under CoSD - The 4CB will update the scope defining documents to clarify that a non-reciprocal link does not prevent the settlement of the instruction on CoSD Hold), the 4CB informed that the update to the scope defining documents to clarify that a non-reciprocal link does not prevent the settlement of the instruction on CoSD Hold will be delivered along with the detailed assessment for CR-565. The action point remains open.

3. Approval of the summary of previous meetings

The ECB informed that the following summaries of the CRG meetings/telcos were updated following the CRG comments.

- Summary of the CRG meeting of 10 March 2016

- Summary of the CRG written procedure from 16 to 23 March 2016

- Summary of the CRG teleconference of 24 March 2016

- Summary of the CRG written procedure from 22 to 31 March 2016

- Summary of the CRG written procedure from 14 to 21 April 2016

- Summary of the CRG teleconference of 14 April 2016

- Summary of the CRG teleconference of 27 April 2016

A CRG member suggested following corrections/comments

- Summary of the CRG meeting of 10 March 2016

  o A CRG member remarked that their institution encountered issues when trying to update a CFI code which was already assigned according to the new format. This point was an observation, not relevant for the update of the summary and CRG members took note that it would be possible to use the new CFI standard only after T2S Release 1.3.

- Summary of the CRG teleconference of 24 March 2016

  o It was agreed that the Change Request T2S-0565-SYS (T2S should allow CSDs to remove links in instructions under CoSD) should be added under the agenda item 'Analysis of Change Requests - Change Requests for Release 1.3, as the Change Request was not listed there.

- Summary of the CRG teleconference of 14 April 2016

  o It was agreed that the word 'binary' should be removed from the agenda item 'Analysis of Change Requests - Change Requests received from market'.

  A CRG member presented an updated version of the Change Request. The new proposal is to have one already existing ~~binary~~ field with three values:

  o It was agreed that the Change Request T2S-0603-SYS should be corrected to T2S-0605-SYS under the agenda item 'Any other business - Editorial Change Request requested by 4CB'

The participants agreed to approve the summaries after the necessary corrections were made.

Action points: The ECB will correct the summaries as per the suggestions made by the CRG member.

4. Analysis of Change Requests

Change Requests stemming from the CSG Task Force (TF) on CSD Regulation and other related Change Requests

Change Request T2S-0600-SYS (T2S reporting functionality must be enhanced to allow the retrieval of the settlement instructions and their related SF1 (accepted) /SF2 (matched) timestamps via A2A in an efficient and standard way)

The aim of the Change Request is to enhance the T2S reporting mechanism to provide the accepted timestamp (SF1) and matched timestamp (SF2) of settlement instructions.

The CRG members were informed that the scope of the Change Request was increased to include SF1 and SF2 timestamp in messages, query responses and reports related to T2S generated Settlement Instructions and Intra-position movements (only SF1 time stamp). This update was necessary to ensure that CSDs could comply with the CSD Regulation (CSDR) requirements related to record keeping. The CRG was informed that the ISO CR which was raised related to CR-600 was approved by the SGMS. The SGMS suggested not updating the T2S CR until ISO has informed about the final field tags to be added. However the CRG agreed that CR Initiator (NBB-SSS) could propose an update to the message path and message field to bring the T2S CR and ISO CR in line already.

As the Change Request needs to be amended, the CRG agreed to keep the Change Request on hold.

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

Change Request T2S-0606-SYS (T2S should maintain and report information related to 'Place of Trade' and 'Place of Clearing' of a settlement instruction consistently across T2S messages)

The aim of the Change Request is to maintain the record of 'Place of Trade' and 'Place of Clearing' of settlement instructions in T2S and report both the fields in the instruction queries, reports and status messages.

The CRG members were informed that the CSG TF on CSDR identified that a CSD needs to keep a record of the 'Place of Trade' and 'Place of Clearing'. The information on 'Place of Trade' and 'Place of Clearing' needs to be included in Settlement Instruction Status Advice (sese.024), Settlement Confirmation (sese.025), Statement of Transactions (semt.017), Settlement Transaction Query Response (semt.027) and the information on 'Place of Trade' needs to be included in Statement of Pending Instructions (semt.018).

The CSG TF concluded that the fields 'Place of Trade' and 'Place of Clearing' were not required for realignment instructions, as these were not trade related instructions, similarly the information was not required for allegements. One of the CRG member mentioned that the information about place of trade and place of clearing may not always be available to the CSD participants. A CRG member explained that the inbound message copy (sese.023) already includes both fields and questioned whether reporting of these fields was needed. It was acknowledged that some of the CSDs who have not subscribed to copies of sese.023 would not receive information related to place of trade and place of clearing and therefore it is relevant to add the information to status advices and settlement confirmation messages.

The Change Request was presented to the SGMS, however no information was required from SGMS at this point of time. The SGMS discussed what would happen in case two different places of trade are entered by the two settlement parties and if this could stand in case of legal dispute?

The CRG members were informed that the CSG TF on CSDR is still discussing the Change Request and a preliminary version of the Change Request was presented to the CRG for information.

CRG decision: The Change Request was presented to the CRG only for information; therefore a CRG decision was not sought.

Change Request T2S-0607-SYS (T2S should maintain and report information related to buy-in transactions consistently across T2S messages)

The aim of the Change Request is to include the ISO transaction code buy-in (BIYI) in the settlement instruction (sese.023), the settlement instruction status advice (sese.024), the statement of pending instructions (semt.018), the allegement notification (sese.028) and the statement of allegements (semt.019).

The CRG members were informed that considering the business requirement and strong business case, this new Change Request was raised by splitting the T2S-0587-SYS (Alignment of ISO transaction codes across various T2S ISO messages). The CRG was informed that the draft of ISO CR related to the CR-607 was approved by the SGMS.

It was explained that addition of buy-in code was not deemed necessary for intra-position movements and realignment instructions, as no business relevance was identified for adding buy-in information to those messages.

The CRG members were informed that the CSG TF on CSDR is still discussing the Change Request and a preliminary version of the Change Request was presented to the CRG for information.

CRG decision: The Change Request was presented to the CRG only for information; therefore a CRG decision was not sought.

Change Request T2S-0608-SYS (T2S must be enhanced to maintain and report Categories of Financial Instruments as described in the CSDR Level 2 Technical Standards)

The aim of the Change Request is to include the following categories of financial instruments in T2S: "SHRS", "SOVR", "DEBT", "SECU", "ETFS", "UCIT", "MMKT", "EMAL", "OTHR".

The CRG members were informed that the CSG TF on CSDR identified that a CSD needs to keep information about the financial instrument type for record keeping purposes as well as for reporting settlement fails. The CRG members acknowledged that some of these instruments were not used by CSDs for settlement; the additional categories defined by CSDR were more in line with the Markets in Financial Instruments Directive (MIFID) rule than the ISO standards. The CRG chairperson also informed that the CSDR TF was in parallel working on a mapping table between the new Classification of Financial Instrument (CFI) standard and the categories of financial instruments as required by the CSDR. This would be a potential practical alternative to CR-608.

The CRG members were informed that the CSG TF on CSDR is still discussing the Change Request and a preliminary version of the Change Request was presented to the CRG for information.

CRG decision: The Change Request was presented to the CRG only for information; therefore a CRG decision was not sought.

Change Request T2S-0609-SYS (T2S should maintain and report settlement status PENF for pending instructions for which settlement at the ISD is no longer possible)

The CRG members were informed about the new Change Request that was raised to differentiate between pending settlement instructions for which settlement at the Intended Settlement Date (ISD) is possible and for which settlement at the ISD is no longer possible. The Change Request proposed to change the status of the pending settlement instructions from PEND (Pending) to PENF (Pending/Failing) during the end of day (EOD) reporting once it was identified that the settlement of instruction was no longer possible in ISD.

The Chairperson informed that the change of status for pending settlement instruction was required for settlement discipline measures and record keeping purposes. Some of the CRG members were of the opinion that this information is already provided by T2S, i.e. it is possible to deduce which instructions are failing by checking the ISD and status, and therefore such change would bring a limited added value.

The CRG members raised concerns about the impact this Change Request will have on EOD processing because of the additional process that has to run to change the status and because a high number of status advices would be generated as a result of the status change of pending instructions.

The CRG members were informed that the CSG TF on CSDR is still discussing the Change Request and a preliminary version of the Change Request was presented to the CRG for information.

CRG decision: The Change Request was presented to the CRG only for information; therefore a CRG decision was not sought.

Action points:

- The ECB will inform the CSDR Task Force about the concerns raised by the CRG about the impact of the Change Request on EOD processing because of the additional process that has to run to change the status and high number of status advices that will be generated as a result of the status change of pending instructions.

Change Requests from the market for future T2S Releases

Change Request T2S-0580-URD (Additional automatic intraday reimbursement of NCB auto collateralisation instructions)

The aim of the Change Request is to introduce additional six "automatic" intraday reimbursement process for Central Bank auto-collateralisation during the real-time settlement period (RTS).

The CRG members suggested that the 6 time slots should be pre-defined in T2S and payment banks could select any time slot out of the available pre-defined time slots for additional reimbursement. CRG members expressed that before setting up pre-defined time slots, it should be analysed that they do not interfere with the existing T2S processes executed during RTS, like partial settlement windows etc.

The CRG members discussed whether the set up could be carried out by NCBs on behalf of their payment banks or could be carried out by payment banks themselves. Some Central Banks found that payment banks should be allowed to set-up their own because it is more consistent with the current set-up of the optional cash sweep. But a set-up on payment bank side should only be possible if the new functionality is not implemented in the CMB or the static data of DCA.

It was clarified that pending reimbursement instructions should settle with the available cash in the Dedicated Cash Account (DCA), on which the additional automatic intraday reimbursement functionality has been configured and no liquidity rebalancing from any other DCA should be applied.

CRG members confirmed that the functionality should be optional i.e. payment banks may or may not use the additional automatic reimbursements.

One CRG member mentioned about order of reimbursement in case of insufficient cash for the release of all auto-collateralisation instructions and it was discussed whether to ask DCP-G opinion on this

topic. It was agreed that the CR initiator will update the Change Request to incorporate the suggestions of CRG members. As the Change Request needs to be amended, the CRG agreed to keep the Change Request on hold.

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

Action points:

- The CR initiator will update the Change Request to-

1. clarify that the additional automatic intraday reimbursements should result in pending reimbursement instructions being settled with the available cash in the DCA, on which the additional automatic intraday reimbursement functionality has been configured i.e. no liquidity rebalancing from any other DCA should be applied.

2. specify the 6 time slots that can be pre-defined in T2S. The time slots should not result in conflict with other T2S processes like partial settlement.

3. consider the comments of other CBs on whether the payment banks shall be able to set-up their configuration themselves; thereafter potentially update the CR to reflect this requirement.

Change Request T2S-0596-SYS (Enhance Settlement Instruction - Details screen to display T2S Matching Reference, the T2S Reference (Market Infrastructure Transaction Identification) and T2S Actor Reference of the Counterparty settlement instruction)

The aim of the Change Request is to add the T2S Matching Reference, the T2S MITI reference and the T2S Actor Reference of the counterparty's settlement instruction in the Settlement Instruction - Details Screen.

A CRG member supported the availability of the T2S matching reference in the GUI, as it is currently only available in A2A and suggested that an additional button can be provided on the Settlement Instruction – Details screen for 'matched instructions'. This additional button should display the details of counterparty instruction. This topic will be further discussed in the upcoming GUI usability workshop and thereafter the CR initiator will update the Change Request if needed. As the Change Request needs to be updated, the CRG agreed to keep the Change Request on hold.

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

Action points:

- The CR initiator will update the Change Request to specify that additional button should be provided on the Settlement Instruction – Details screen for 'matched instructions', if the proposal is supported during the GUI usability workshop[2].

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[2] The proposal was supported during the GUI usability workshop held on 8 June 2016.

Change Request T2S-0604-SYS (T2S generated instructions should inherit priority from the underlying settlement instructions)

The aim of the Change Request is to ensure that T2S generated settlement instructions are assigned the same priority as the priority specified in the underlying settlement instruction. Currently T2S generated settlement instructions and settlement restrictions are assigned normal priority irrespective of the priority assigned to the underlying settlement instruction.

The CRG members did not have any comments and agreed to put the Change Request on hold for the future discussion in the context of T2S Release 2.0.

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

Change Request T2S-0610-SYS (Allow NCBs to obtain the complete view of all DCAs and other relevant objects (parties) in a subset of U2A queries)

The aim of the Change Request is to enable Central banks to have complete overview of all the DCAs opened in their books in a single screen when querying the Cash account balances and the Outstanding Auto-collateralisation Credit via U2A.

The CR initiator informed that Central Banks were able to get the overview of DCAs in a single screen in the test environment by using the wildcard functionality; however the wildcard functionality is not available under certain conditions any more based on a decision on UT-PBR-057. Some of the CRG members supported the Change Request, as overview of DCAs was crucial for Central Bank monitoring task.

The CRG members acknowledged that the information was available in A2A mode. A CRG member mentioned that the functionality will be used for handling exceptional scenarios but may not be useful in daily business scenarios.

Also similar functionality could be developed for CSDs to obtain overview of all positions in a given ISIN using the 'position query' in U2A. It was agreed that the Change Request should specify the screens on which the NCBs need to obtain overview of all DCAs.

As the Change Request needs to be updated, the CRG agreed to put the Change Request on hold for the future discussion in the context of T2S Release 2.0.

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

Action points:

- The CR initiator will update the Change Request to specify the screens on which the NCBs need to obtain overview of all DCAs.

- Clearstream will consider to draft a new Change Request to enable CSDs to obtain overview of all positions in a given ISIN using the 'position query' in U2A.

Change Request T2S-0611-SYS (Cash Account Postings GUI Screen to include the T2S Actor References)

The aim of the Change Request is to include the T2S actor references on the Cash Account Postings screen, which would provide reconciliation references to the users. Currently the Cash Account Postings screen provides T2S Internal Reference, however this reference cannot be reconciled with any previously known information.

The 4CB mentioned that the Change Request needed more clarification about which references are intended in each business case. The 4CB already provided a table for all references that could be provided as return criteria, which should be confirmed by the CR initiator. Upon proposal of one CB member, the CRG discussed the possibility to have a separate window to provide the details of underlying instruction. It was agreed that the CR initiator will update the Change Request.

As the Change Request needs to be updated, the CRG agreed to put the Change Request on hold for the future discussion in the context of T2S Release 2.0.

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

Action points:

- The CR initiator and Banca d'Italia will update the Change Request to specify the relevant T2S actor references which could be provided as search criteria and addition of new buttons to display the details of underlying instruction.

Change Request T2S-0613-SYS (T2S should give the possibility to receive outbound T2S messages bundled in files)

The aim of the Change Request is to allow T2S actors (CSDs, NCBs, DCPs) to subscribe to the receipt of outbound messages into files based on a number of criteria.

The CRG members discussed various parameters/requirements that need to be considered for receiving outbound T2S messages bundled in a file. Concerns were in particular raised on the 'generic option' to bundle all initial feedback (acceptance or rejection) related to instructions submitted in a given input file, e.g.

- This could increase likelihood of out-of-order feedback receipt, i.e. in the case where an acceptance feedback is still queued in T2S because the related file is not complete, a matching/settled feedback could already be sent out due to real-time message distribution for subsequent feedbacks.

- This could cause a technical issue if the number of messages in inbound and outbound file would be the same, but the outbound file size would be greater than the maximum size for files processed in T2S.

- From a technical viewpoint, the 4CB mentioned that the mapping between inbound files and outbound messages would be a complex change which would require new data base accesses and would potentially lower performance.

On a more general level, it was discussed whether

- The generic option should also be made available for 'technical acknowledgement' messages

- From a technical standpoint, CSDs would still have the possibility of receiving real time messages for its DCPs in case the DCP has subscribed for bundled messages.

The CRG members acknowledged that receiving a number of messages bundled in a file will definitely be helpful, however they mentioned that the file should, to the extent possible, contain the messages in the same order in which they were generated.

It was also mentioned that if required the requirements could be split in multiple Change Requests, so that the more urgent requirements could be considered for earlier implementation.

As the Change Request needs to be updated, the CRG agreed to put the Change Request on hold for the future discussion in the context of T2S Release 2.0.

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

Action points:

- The ECB will initiate a written procedure to collect the feedback of the CRG for every requirement mentioned in the Change Request and during the CRG discussion.

- The 4CB will check whether a file which exceeds the size of 100MB is split during the Night Time Settlement (NTS).

Change Request T2S-0614-SYS (Reason code FUTU (Instruction is awaiting the settlement date) should not be used for unmatched instructions)

The aim of the Change Request is that T2S should not generate Status Advice messages (sese.024) for status changes of unmatched instructions which are currently reported with Pending Reason Code FUTU (Awaiting Settlement Date). Only if the settlement instruction is matched and released from any hold status a Status Advice with Pending Reason Code FUTU should be generated. Currently Status Advice messages containing the Pending Reason Code FUTU are generated for settlement instructions which are awaiting the settlement date and for which no settlement problems have been reported, irrespective of the matched status of the instruction.

The CRG agreed that current behaviour of T2S is according to specification. It was mentioned that there is no other Pending Reason Code in ISO20022 which better reflects the status of a released unmatched instruction prior to ISD. The following proposals were discussed:

- The message subscription in T2S could be extended to give CSDs more flexibility in how they want to receive status reporting for the different pending and match statuses and

potentially reason codes, e.g. possibility to unsubscribe to status advices for instructions having T2S statuses unmatched and PEND/FUTU

- The matching status could be included in the status advice. Following this recommendation, T2S could be changed to report 'unmatched, PEND/FUTU'.

CRG members were invited to provide alternative solutions during the written procedure. As the written procedure on the Change Request will be initiated, the CRG agreed to put the Change Request on hold.

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

Action points:

- The ECB will initiate a written procedure to gather views from CRG members if the current behaviour of T2S is acceptable. In case it is not acceptable, CRG members are asked to comment on the proposals discussed during the CRG meeting or provide alternative solutions how T2S should report.

Change Request T2S-0615-SYS (Enrich values in Transaction activity field of the Securities Transaction Posting Report (semt.017) with all ISO20022 codes)

The aim of the Change Request is to include transaction code for all ISO20022 foreseen types of activities in the field <TxActvty> (Transaction activity) of the Securities Transaction Posting Report (semt.017). Currently the field <TxActvty> (Transaction activity) includes only Settlement and Clearing Activity (SETT). Possible values in ISO 20022 are:

- BOLE: Borrowing and Lending Activity;
- CLAI: Market Claim;
- COLL: Collateral Activity;
- CORP: Corporate Action Activity;
- SETT: Settlement and Clearing Activity

The CRG members discussed that there could be other messages in T2S where the field transaction activity needs to report types of activities other than SETT. The CR initiator agreed to update the Change Request to include other messages.

Since the Change Request needs to be amended, the CRG agreed to put the Change Request on hold.

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

Action points:

- The CR initiator will update the Change Request to include all the messages where the field transaction activity needs to report types of activities other than SETT.

Change Requests stemming from the 4CB

Change Request T2S-0616-SYS (Multiplex Editorial Change Request on UDFS and UHB)

The aim of the Change Request is to update the UDFS v2.1 and UHB v2.1 to align it with T2S behaviour.

The 4CB mentioned that this was in principle the last editorial Change Request for updating the specification documents for changes included in T2S Release 1.1.5, 1.2 and past releases. The Chairperson proposed that the CRG should provide their feedback on the Change Request during the written procedure. As the written procedure on the Change Request will be initiated, the CRG agreed to put the Change Request on hold.

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

Action points:

- The ECB will initiate a written procedure on the Change Request.

5. Processing order of settlement

The participants were informed about the outcome of CRG written procedure that no specific regulation was identified which required strict order of processing and also other than Monte Titoli no other CSD identified such problem in production. Some CRG members mentioned buy-in and corporate action as business case where the order of processing would be important, the ECB agreed to coordinate with the CRG members to write a clarification note on these business scenarios. The clarification note would also propose possible solutions, e.g. the use of linking of instructions.

CRG decision: The CRG agreed to postpone the discussion until there is further clarity on the business cases that need to be covered.

Action points:

- The ECB will coordinate with Monti Titoli on the buy-in business case and with Iberclear for the corporate actions[3] business case and write a clarification note on the issue.

6. SGMS feedback on Change Requests for future T2S releases that may require ISO20022 updates that were sent by the CRG

Change Request T2S-0350-URD (Pre-defined orders for end-of-day FOP account transfers)

The aim of the Change Request is to provide a functionality to submit to T2S Pre-defined Orders for EOD FOP transfers. Technically, these Pre-defined Orders should be realised in the form of FOP Settlement Instructions with a specific flag. The Settlement Instructions with this flag must be automatically released and (partially) settled by T2S as part of the EOD processing, after a last settlement attempt was made for the "normal" FOP instructions.

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[3] The business case of the corporate actions was removed by the proposer, after the CRG meeting

Originally three further CSDs mentioned that they have a similar business case to be covered at the end of day as described in CR-350. However the solution described in CR-350 did not cover their expectations and they agreed to raise a new Change Request. The CR initiator explained that a workaround was available for their institution to handle the requirements and hence the implementation of the Change Request was not required any longer.

CRG decision: The CR initiator agreed to withdraw the Change Request.

Action points: Euroclear will follow-up with Iberclear and VP on their requirements and views on the potential solution and raise a new Change Request if needed.

Change Request T2S-0503-SYS (T2S Actor Reference and T2S Reference of counterparty's settlement instruction should be included in T2S messages sese.024, sese.025 and sese.032 after matching)

The aim of the Change Request is to provide counterparty's T2S actor reference and counterparty's T2S reference (i.e. counterparty's Market Infrastructure Transaction Identification - MITI) in the receiving/delivering parties block or the message's supplementary data in the post-match status advice (sese.024), settlement confirmation (sese.025) and T2S generated realignment instruction (sese.032).

The CRG members were informed that the SGMS did not find a good solution for which fields should be used to display T2S Actor Reference and T2S Reference of counterparty's settlement instruction in T2S messages sese.024 and sese.025 after matching. The SGMS did not support the use of supplementary data in sese.024 and sese.025, but even less support was given by SGMS to use existing fields in the Settlement Parties section because information provided in the settlement instruction (sese.023) could theoretically be overwritten. However if the CRG still wants the Change Request to be implemented by using supplementary data, SWIFT agreed to check if reporting of the counterparty T2S Actor reference and MITI reference in the supplementary data of sese.024 and sese.025could be supported.

Regarding sese.032 message, it was reported that the SGMS agreed to the usage of the field "\Document\SctiesSttlmTxGnrtnNtfctn\Lnkgs\Ref\SctiesSttlmTxId" proposed in the CR to transport T2S Reference of counterparty's settlement instruction. So far the business case was not widely supported within the T2S Community. The CRG chairperson also discussed the possibility to consider the CR as a specific change, needed by one or only a few members of the CRG.

As the CR initator will check internally with regards to the current solution, the CRG agreed to put the Change Request on hold.

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

Action points: The CR initiator (SIX SIS) will await information from SWIFT if reporting of the counterparty T2S Actor reference and MITI reference in the supplementary data of sese.024 and

sese.025 could be supported and check internally with regards to the current solution and inform the CRG about the way forward.

Change Request T2S-0546-SYS (Indication for time-critical settlements ("settlement till" time-stamp))

The aim of the Change Request is to have "settlement till" time-stamp to indicate that an earlier settlement as the end of day settlement is intended or required.

The CRG members were informed that the SGMS could not recommend any field in sese.023 which could transport the "settlement till" time-stamp information in standard and compliant manner. An ISO CR could be raised by the CR initiator, if there is a strong business case to do so. So far the business case was not well supported within the T2S Community/DCPG.

As the CR initiator will report the feedback from SGMS to the German National User Group (NUG) and discuss with them potential workaround, the CRG agreed to put the Change Request on hold.

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

Action points: The CR initiator (Bundesbank) will report the feedback from SGMS to the German NUG and discuss with them potential workarounds.

Change Request T2S-0587-SYS (Alignment of ISO transaction codes across various T2S ISO messages)

The aim of the Change Request is to address the gaps in Settlement Instruction-related messages. These gaps are related to inclusion of buy-in Securities Transaction type code in sese.023 message, ISO transaction codes of the sese.023 which are not included in the allegement-related messages and other gaps with regards to transaction code reporting in the sese.023 versus other related messages.

The CRG was informed that SGMS has requested business cases for each of the ISO Transaction codes that should be added to sese.028 Allegement Notification message. CRG members could provide the business cases through the SGMS members of their organisation.

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

Change Request T2S-0588-SYS (Inclusion of the DCA in the auto-collateralisation messages i.e. Securities Settlement Transaction Generation Notification (sese.032) and/or the corresponding Securities Settlement Transaction Confirmation (sese.025))

The aim of the Change Request is to include the DCA in the auto-collateralisation messages i.e. Securities Settlement Transaction Generation Notification (sese.032) and/or the corresponding Securities Settlement Transaction Confirmation (sese.025).

The CRG was informed that the SGMS proposed the field 'CshPties/Cdtr/CshAcct/Prtry' in sese.032 to include counterparty DCA, if the Transaction Generation Notification relates to an auto-collateralisation transaction. An additional, optional suggestion made by SGMS was to map the field from sese.032 into sese.025, if counterparty's DCA is provided sese.032.

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

Change Request T2S-0590-SYS (Include information from the underlying settlement instruction in the T2S 'Bank to customer statement (camt.053)' message for optimising reconciliation)

The aim of the Change Request is to include ISIN and Message Identification in the 'Bank to Customer statement (camt.053) message.

The CRG was informed that SGMS confirmed the use of proposed fields in camt.053 for reporting ISIN, settled quantity, T2S securities account and corporate action event identification. The SGMS recommended that inclusion of the Corporate Action Event Type should be dropped from the Change Request, because the information is currently not available in T2S. The field would have to be added to sese.023 before it could be included in any T2S feedback message or report.

Additionally, SGMS recommended dropping the requirement from the Change Request to include different T2S references in case of partial settlement, because no field in the message payload of the underlying (partially settled) instruction could be found which unambiguously identifies each individual part of a partially settled instruction. Usage of information from the message header as input for the reporting, as suggested in the Change Request, was strongly objected by SGMS.

SGMS confirmed that unlike for securities settlement, there is no clean solution in place for the reporting of the cash leg of an instruction in case of partial settlement. SWIFT offered to analyse partial settlement reporting on cash and to come back to SGMS with a proposal how to implement cash reporting in a similar way to what is in place for securities reporting.

The 4CB pointed out that the inclusion of the securities quantity in the Bank to Customer statement could lead to performance problems as the information is not available in the object serving the information for the report. Therefore, it was also suggested to confirm, if the field was really needed. The CR initiator agreed to update the Change Request.

As the Change Request needs to be updated, the CRG agreed to put the Change Request on hold. CRG decision: The CRG kept the Change Request on hold.

Action points: The CR initiator (NBB) will update the Change Request and check with their market whether the Change Request is still needed, given that significant parts were proposed to be dropped.

Change Request T2S-0612-SYS (Alignment of T2S Messages with ISO Standards Release 2016)

The aim of the Change Request is to align messages used in T2S with the latest ISO version available.

The 4CB presented the Change Request. The 4CB informed that a detailed assessment would be performed for this Change Request alongside the Change Requests from the CSDR TF, as the upgrade to the next ISO release was considered mandatory. CRG members were invited to provide comments to the Change Request within the next 2 weeks.

As the written procedure on the Change Request will be initiated, the CRG agreed to put the Change Request on hold for further discussion in the context of T2S Release 2.0.

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

Action points: The ECB will initiate the written procedure to gather the feedback of CRG members about the changes proposed in the Change Request.

7. Debriefing on SMPG discussions on Change Requests

The CRG was informed about the discussions during SMPG meeting 21 April 2016 on below topics and further updates from SGMS meeting on 20 May 2016 were provided for some of the topics:

Delta reporting: Currently delta reports are not part of market practice documents; the ECB provided details about the delta reports available in T2S, the working of delta reports in T2S and how they are implemented in T2S, these details could provide a basis for inclusion of delta reports in market practice document. SMPG has asked for presentation on specific details on implementation of a delta report in T2S during the next SMPG meeting.

Partial settlement reporting for Intra Position Movement Posting Report (semt.016): SMPG confirmed that the partial settlement reporting principles for Securities Transaction Posting Report (semt.017) should also apply to semt.016, in line with CR549.

Removal of rule R7 from sese.024: SMPG was in favour of not removing the Rule 7 from ISO, however it did not mention about removing the rule from T2S. The CRG was informed that SGMS supported the view of SMPG that the Rule R7 should be maintained. SGMS recommended changing T2S behaviour to be compliant with the rule.

Consistent transaction codes in all relevant messages: The CR587 suggested Alignment of ISO transaction codes across various T2S messages. The SMPG was in favour of changing the messages one by one and requires business case for each of the codes.

The CRG was informed that the draft of ISO CR related to the T2S CR587 was discussed during the SGMS meeting on 20 May 2016. The SGMS mentioned that every transaction code should be supported by a business case in order to include it in the ISO CR. The CRG members could provide the business cases to the SGMS through the SGMS representatives of their organisation.

Mapping table between transaction codes and transaction activity codes: The SMPG agreed to the mapping table provided by the CRG member.

Pool release issue (INBC topic): ECB's understanding of the SWIFT proposal for the reporting of pending instructions grouped in a pool was presented. Currently in a pool of instruction if the first instruction is set on party hold and other instructions in pool are without hold, then on the ISD T2S

sends sese.024 with the status 'pending due to party hold (PEND PTYH)' for the instruction on hold, the status 'pending due to incomplete number count (PEND INBC)' for other instructions in the pool and status 'Pending due to a pending linked/pooled instruction (PEND LINK)' for the last instruction in the pool. The proposed solution was to send additional sese.024 to update the earlier status (PEND INBC) to (PEND LINK) to ensure consistent reason code for all the instructions in pool which were not on hold. CRG members supported the proposal from a functional viewpoint, but it was mentioned that in this way T2S would send even more messages. None of the members indicated that they would initiate a related Change Request.

Case sensitivity of matching fields: SMPG recommended that the matching fields should be case sensitive, which is in line with current T2S behaviour. A market practice will be communicated to the T2S community to generally use upper case unless otherwise agreed with the counterparty.

8. Plan to resolve the existing Change Request backlog

The Chairperson proposed a plan to resolve the existing Change Request backlog. The plan involved 2 steps

1. CRG members would provide a business value indicator for each Change Request on hold first.

2. Then the 4CB will provide preliminary assessment of the impact of the CR from a cost and workload perspective, in the order of importance which was calculated by the business value indicator.

Based on the business value indicator and the 4CB preliminary cost indication, the CRG would then prioritise the Change Requests for future T2S Releases.

Some CRG members mentioned that the 4CB preliminary assessment should be available before the CRG members assigned business value indicator to the Change Requests, as assigning business value indicator would not be possible unless the impact of the Change Request was known. However, other members saw these values as being independent. Some of the CRG members were of the opinion that some of the Change Requests raised before October 2012 should be considered first in the prioritisation exercise, as these were high priority Change Requests when they were raised, however were not considered for implementation subsequently. The Chairperson informed that such Change Requests would also be included in current exercise along with the recent Change Requests to ensure a zero base for all the Change Requests. Also it was possible that the importance and priority of Change Requests raised earlier could have changed considering the changes included in T2S Releases so far.

The Chairperson proposed that the ECB would present all the Change Requests to the CRG in two batches in the next two CRG meetings to provide the background of Change Requests and also to indicate possible workarounds if available. After these presentations, the CRG would assign a business value indicator as High, Medium, Low, Negative/No value to each of the Change Request via a CRG written procedure. Some of the CRG members proposed to split the "negative" and "no

value" parameters, so that CRG members can indicate that the Change Request is not required by their organisation or considered negatively. A CRG member stated that this possibility would be appreciated as their institution would not want to pay for CRs which they do not need.

CRG decision: The CRG agreed to provide a business value indicator for each Change Request on hold.

Action points:

- The ECB will share a presentation with the CRG members giving details of the Change Requests that are on hold.

9. Any other business

4CB clarification note related to the management of DN in the context of UT-PBR-069 (Update Delete of Certificate DN - INC170876/ INC172896)

The 4CB briefly presented the clarification note on management of DN in the context of UT-PBR-069. The clarification note provided detailed overview of the current implementation and additional clarifications on the questions raised by a CRG member upon the proposal of implementing solution 2. Solution 2 allows CSD Participants and payment banks to delete Certificate DNs belonging to their System Entity. The 4CB informed that they will create a SDD clarification note for the preferred option 2 and send it to the CRG and OMG.

Action Points:

- The 4CB will create a SDD clarification note for the option 2 i.e. to allow CSD participant and payment banks to delete Certificate DNs belonging to their System Entity, explained in UT-PBR-069 and send it to the OMG and CRG.

Keler's presentation on potential way forward for the issue on COSD linkage

Keler presented the issue on CoSD linkage and the potential solutions which involve

1. Reservation of securities in T2S

2. Reservation of securities outside T2S

3. Avoid use of linkage and CoSD together.

It was mentioned that the problem related to CoSD linkage occurred in two scenarios if there was settlement in foreign currency involved or if there was an external CSD involved. Keler asked for the opinion of CRG members on possible solution for the problem.

One of the CRG member mentioned that currently as a workaround they ask their clients to avoid linking settlement instruction with another settlement instruction which is under CoSD, in the case of external currencies. In case a client would nevertheless use it, then CR 565 could be used in future, to unlink the instructions manually.

CRG decision: The CRG agreed that presently the workaround is that CSDs should ask their clients to avoid linking a settlement instruction with a settlement instruction which is under CoSD or could potentially be set on CoSD in the future, e.g. foreign currency and external CSD settlement scenarios. Whenever an instruction remains pending due to CoSD and linkage, the recommendation for CSDs is to use the solution provided in Change Request T2S-0565-SYS (T2S should allow CSDs to remove links in instructions under CoSD) to remove the link, once the Change Request is available.

Presentation about topics dropped from editorial CR 605

The ECB presented the item 6 and item 17 of the CR 605, which CRG members had proposed to drop from the Change Request during the CRG written procedure.

Item 6 proposed to update the UDFS to clarify that T2S does not set the reason code 'counterparty on hold' when creating the collateral reverse instruction. A CRG member informed that the Change Request T2S-0586-SYS (PRCY for leg CB in sese.032 for reimbursement auto-collateralization) related to this issue was already raised and hence currently the UDFS need not be updated. Hence the CRG decided to drop item 6 from the Change Request.

Item 17 proposed to remove the Rule 7 from sese.024 message. However considering the view of SMPG, not to remove the rule at ISO level, CRG members agreed to keep the rule at T2S level and consider this in the written procedure on Change Request T2S-0614-SYS (Reason code FUTU (Instruction is awaiting the settlement date) should not be used for unmatched instructions). Therefore the CRG decided to drop Item 17 from the Change Request.

CRG decision: The CRG agreed to drop item 6 and item 17 from the Change Request[4].

Review of parameters for Change Requests in T2S Release 1.3

The ECB presented the updated parameters for Change Request in T2S Release 1.3 and requested the CRG members to provide their feedback on updated parameters during the written procedure.

CRG decision: The CRG agreed to provide their feedback during the written procedure.

Action Points: The ECB will initiate the written procedure to gather the views of CRG members, in particular the CR initiators, about the updates to the parameters for Change Request in T2S Release 1.3.

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[4] The Change Request was further updated following OMG written procedure on its operational impact from 20 to 27 May 2016. The final version of Change Request is available on the T2S website:
http://www.ecb.europa.eu/paym/t2s/progress/pdf/tg/crg/crg72/2016-06-01_t2s_0605_sys.pdf

Participant's organisation	Name of participant	
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European Central Bank	Mr Alejandro Del Campo Roiz de la Parra	Rapporteur
European Central Bank	Ms Madhura Satardekar	
European Central Bank	Mr David Weidner	
European Central Bank	Mr Michael Jennings	
European Central Bank	Mr Remy Al Sbinati	
4CB	Mr Arno Friederich	
4CB	Ms Kristin König	
4CB	Ms Mariana Shkurtova	
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4CB	Mr Massimiliano Renzetti	
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