

1. General Information

CR Raised by: Process Efficiency Sub-Group **Institute:** ECB **Date Raised:** 30/01/2009

Change Request Title: Standard T2S recycling period as a configuration parameter **CR Ref.:** T2S URD 165

Change Request Classification: Substance

Status: Approved by the AG

Change Type: Modification

Requestor Category: T2S Sub-Group

(New Requirement/Modification/Deletion)

(User, 4CB, ECB T2S Project Team)

Chapter Number/Annex Number: Chapter 2, Chapter 5, Chapter 11, Chapter 16, Annex 2, Annex 13, Annex 17, Annex 19

Req No: T2S.02.030, T2S.05.370, T2S.05.430, T2S.05.460, T2S.11.200, T2S.16.550

Priority (S,H,M,L): H

Proposed Implementation Date/Release: Version 5.0

Description of Requested Change:

The URD should be modified to reflect that the recycling periods in T2S shall be separately configurable for unmatched and matched settlement instructions and be common and applicable to all T2S users. The recycling period could be indefinite period of time.

The URD should be modified to clarify that T2S will recycle unmatched instructions for 20 business days from the latter of intended settlement date or the last status change. This is in line with the general principle of ESSF/ECSDA standard 5 for the harmonisation of pre-settlement date matching, but fixes the recycling period for all CSDs in T2S. In addition, the URD should be modified to clarify that T2S shall recycle all unsettled matched instructions from any T2S Actor for an indefinite period of time.

Reason for Change / Expected Benefits / Business Case:

The Sub-group on Process Efficiency (PESG) proposes to the Advisory Group a harmonised approach with regard to the recycling of unmatched settlement instructions and failed matched settlement instructions in order to remove the additional complexity for T2S parties caused by different recycling periods.

Submitted Annexes / Related Documents:

See PESG's Note on Harmonisation Issue 2: T2S System Rules for recycling.

Proposed wording for the Change Request:

This CR would result in the following specific changes:

- T2S.02.030: Delete the bullet point "recycling period"
- T2S.05.370: Change UR text as follows:

A T2S actor may hold instructions until actual settlement occurs, and even beyond the intended settlement date. T2S shall consider all instructions on hold at the end of the intended settlement date as having failed and recycle them according to the T2S recycling rules for unmatched and matched instructions (See T2S.05.430 and T2S.05.460). ~~If the recycling of a failed instruction is allowed on the basis of the length of the recycling period (See T2S.05.460), T2S shall recycle held instructions with the status "on hold".~~

- T2S.05.430: Change UR text as follows:

T2S shall cancel unmatched instructions on the latest date between either 20 ~~a standard number of~~ working days after the intended settlement date or the date of the last status change in accordance with the ESSF/ECSDA recommendation. ~~(For example, the current ECSDA recommendation is 20 working days.)~~ T2S shall inform the instructing party when T2S cancels unmatched instructions.

- T2S.05.460: Change UR title and text as follows:

Recycling and cancellation of matched instructions ~~Triggering cancellation after the end of the recycling period~~

~~T2S shall recycle all unsettled matched instructions from any T2S Actor for an indefinite period of time. T2S shall cancel any instructions that remain failed after a number of days. CSDs and CCPs shall define the length of their respective recycling periods in accordance with their terms and conditions.~~

~~The length of recycling for cross-CSD instructions shall be harmonised. When a cross-CSD instruction involves a CCP, T2S shall use the shorter of the recycling periods set by the CSD and CCP in question.~~

~~The length of recycling periods will be stored in T2S static data. T2S shall allow a recycling period of zero days, meaning that T2S will cancel failed instructions at the end of their intended settlement date.~~

- The bullet regarding the recycling period in T2S.11.200 will be removed
- T2S.16.550: delete the Attribute "Recycling period" from Table 16-10
- Annex 2 (Glossary), p. 14: Change the definition of Recycling Period as follows:

~~the standard number of T2S openworking days after the intended settlement date or the date of the last status change that an failed unmatched settlement instruction is reintroduced for a new settlement attempt or an unmatched settlement instruction is to be available for matching~~

- Annex 13, p. 8 (5.3 End-of-day processes, bullet point CCPs): Change text as follows:

~~Some CCPs currently require the settlement platform to automatically cancel failed instructions at the end of the settlement day. This requirement can be fulfilled in 2 ways: To fulfil this requirement CSDs can provide automatic cancellation facility as an added-value service to CCPs;~~

~~T2S will provide such a service to CCPs, automatically cancelling failed instructions at the end of the day in accordance with each CCP's recycling period, stored in Static Data (see Chapter 16). T2S can report cancelled instructions to CCPs so that they can re-instruct for the next day (e.g. Continuous Net Settlement process).~~

- Annex 17, p.13 (3 Issues brought up as national specificities, but already covered through the T2S core functionality): Delete the whole paragraph "Recycling of trades"
- A new section will be added to the end of the Chapter 11 on Configuration Requirements.

11.15 Recycling Periods for Pending Settlement Instructions

Requirement T2S.11.900 – Recycling Periods as T2S Configuration Parameters

T2S shall support the configuration of one set separate recycling periods for all T2S Actors for

- Unmatched pending settlement instruction;
- And matched pending settlement instructions.

Although a recycling period for the latter is not foreseen currently in T2S, the configuration of a recycling period for matched pending instructions should be possible nevertheless as such business requirement may change.

Requirement T2S.11.910 – Recycling Period Attribute Requirements

Recycling Type	This attribute shall specify whether the recycling period applies to <ul style="list-style-type: none"> ▪ Unmatched pending settlement instruction; ▪ or matched pending settlement instructions.
Recycling Period Relevant	This attribute shall specify a Boolean attribute, which defines whether a recycling period is valid for the specified recycling type. Value Description N Recycling period not relevant Y Recycling period required
Working Days	This attribute shall specify the number of working days a pending instruction is recycled if a recycling period (Recycling Period Relevant = Y) is relevant for a recycling type.

Based on the user requirements, the configuration parameters would consist of two entries.

Recycling Type	Recycling Period Relevant	Working Days
Unmatched pending settlement instruction	Y	20
Matched pending settlement instruction	N	n/a

Outcome of meetings:

* PESG Meeting of 10 February 2009:

Recommendation to the AG: Approval

* AG meeting on 25 March 2009

Approval of PESG recommendation

URM-SG meeting of 7 September 2009

Recommendation to the AG: Approval

* AG Meeting on 23 Sep 2009

Approval of SG recommendation