

General Information (Origin of Request)		
<input type="checkbox"/> User Requirements (URD) <input checked="" type="checkbox"/> Other User Functional or Technical Documentation (SYS)		
Request raised by: Euroclear	Institute: CSD	Date raised: 13/01/2016
Request title: Alignment of ISO transaction codes across various T2S ISO messages		Request ref. no: T2S 0587 SYS
Request type: Common	Urgency: Normal	
1. Legal/business importance parameter: Medium	2. Market implementation efforts parameter: Low	
3. Operational/Technical risk parameter: Low	4. Financial impact parameter: Low	
Requestor Category: CSD	Status: Allocated to a release	

Reason for change / expected benefits / business case:

Some of the ISO transaction codes used in an incoming Settlement Instruction are not included in the subsequent related outbound/inbound ISO messages and reports.

Hence, the 'SecuritiesTransactionType7Code data type (UDFS ISO 20022 codes) used for the sese.023' message (Securities Settlement Transaction Instruction) is inconsistent and is not aligned with the data types used for the subsequent related outbound/inbound ISO messages and reports.

Refer to the attached Annex 'Securities Transaction Types across T2S messages' for more details.

Description of Requested Change:

The following gaps on Settlement Instruction-related messages and subsequent impacts have been identified due to the inconsistency related to the ISO transaction codes and need to be corrected.

1. Certain ISO transaction codes of the sese.023 are not included in the allegement-related messages:

The following ISO transaction codes which are included in the list of valid transaction codes in the incoming Settlement Instruction are not in the scope of the 'sese.028' message (Securities Settlement Transaction Allegement Notification) and 'semt.019' message (Securities Settlement Transaction Allegement Report).

Securities Transaction type codes	Definition
Depository Receipt Conversion [CONV]	Relates to a depository receipt conversion.
Depository Receipt Release Cancellation [RELE]	Relates to a release (into/from local) of depository receipt operation.
Issuance [ISSU]	Relates to the issuance of a security such as equity or a depository receipt.
Mark Down [MKDW]	Relates to the decrease of positions held by an ICSD at the common depository due to custody operations (repurchase, pre-release, proceed of corp. event realigned).
Mark Up [MKUP]	Relates to the increase of positions held by an ICSD at the common depository due to custody operations (repurchase, pre-release, proceed of corporate event realigned).
Non Syndicated [NSYN]	Relates to the issue of medium and short term paper (CP, CD, MTN, notes ...) under a program and without syndication arrangement
Sell Buy Back [SBBK]	Relates to a sell buy back transaction.
Syndicate Underwriters [SYND]	Relates to the issue of financial instruments through a syndicate of underwriters and a lead manager
Withdrawal [REDI]	Relates to the withdrawal of specified amounts from specified subaccounts

When an unmatched Settlement Instruction is sent with one of the above transaction codes, the corresponding allegation 'sese.028' message (Securities Settlement Transaction Allegement Notification) is not sent to the counterparty. As a result, the Settlement Instruction may remain pending and unmatched without the counterparty being informed and no counterparty leg.

It is also worth mentioning that the exclusion of these transaction codes in the allegation message was based on the assumption that the above codes will always be used in pre-matched Settlement Instruction. This however, seems to be an incorrect assumption in the new context of T2S (where bilateral matching is now required as a standard market practice) and therefore a correction is needed to include the missing transaction codes for the data type 'SecuritiesTransactionType10Code' used in 'sese.028' allegation message and 'semt.019' allegation report messages.

Refer to the attached Annex 'Business Case ISO Codes alignment' for the business rationales of the missing transaction codes in the allegation message.

2. Other gaps with regards to transaction code reporting in the sese.023 versus other related messages:

The inconsistent ISO transaction codes across various T2S ISO messages must be aligned to the valid list of transaction codes in the incoming Settlement Instruction.

- The 'SecuritiesTransactionType9Code' data type used in message semt.018 (Securities Transaction Pending Report) must be extended by codes 'SBRE' and 'SLRE' to be in line with the 'SecuritiesTransactionType7Code' data type used in the message sese.023 (Securities Settlement Transaction Instruction).
- Refer to the attached Annex 'Securities Transaction Types across T2S messages' for more details.

Submitted annexes / related documents:

T2S_0587_SYS_attachment - Securities Transaction Types across T2S messages

T2S_0587_SYS_attachment - Business Case ISO Codes alignment

Proposed wording for the Change request:

No wording proposal needed as the only foreseen deliveries are for message specifications.

High level description of Impact:

Outcome/Decisions:

*CRG teleconference of 22 January 2016: The CRG put the Change Request on hold and the CRG agreed to send the Change Request to the SGMS for their opinion.

*CSD-Regulation Taskforce of 22 April 2016: The taskforce decided to remove the Buy In [BIYI] transaction code from the scope of this CR. A separate CR T2S-0607-SYS was initiated for the Buy In code instead.

* CRG on 17 October 2016: During the written procedure from 10 - 17 October 2016, the CRG recommended to launch the preliminary assessment on the Change Request from 24 October 2016 to 15 November 2016 (batch 2).

* OMG on 08 November 2016: During a written procedure from 28 October - 08 November 2016, the Operations Managers Group did not identify any blocking operational impact of the Change Request.

* CRG telco on 16 November 2016: The CRG took note of the T2S functionalities/modules impacted by the Change Request following the 4CB preliminary assessment and that there are synergies with the Change Request T2S-0615-SYS (Enrich values in "Transaction activity field" of the "Securities Transaction Posting Report (semt.017)" and in "Bank Transaction Code" in the "End of Day Account Statement (camt.053)" with all ISO20022 codes), therefore a joint implementation is favourable.

* CRG on 21 December 2017: During a written procedure from 19 to 21 December 2017, the CRG and RMSG agreed to launch the detailed assessment on CR-0520, CR-0590, CR-0587 and CR-0542 in view of the T2S Release 3.0.

- * Advisory Group on 02 January 2018: In a written procedure from 21 December 2017 to 02 January 2018, the Advisory Group was in favour of launching the detailed assessment on the Change Request in view of the T2S release 3.0.
- * CSD Steering Group on 03 January 2018: In a written procedure from 22 December 2017 to 03 January 2018, the CSD Steering Group was in favour of launching the detailed assessment on the Change Request in view of the T2S release 3.0.
- * CRG on 26 March 2018: the CRG agreed to recommend to the T2S Steering Level the approval of these CRs and their inclusion in T2S release 3.0
- * PMG/RMSG on 12 April 2018: the PMG proposed the allocation of the CR to T2S release 3.0
- * OMG written procedure ended 26 April 2018: the OMG did not identify any operational impact in the Service Transition Plan 3.0 because of the inclusion of the CR.
- * Advisory Group on Market Infrastructures for Securities and Collateral (AMI-SeCo) on 30 April 2018: Following a written procedure from 23 to 27 April 2018, the AMI-SeCo was in favour of approving the Change Request and its inclusion in T2S Release 3.0
- * CSD Steering Group on 30 April 2018: Following a written procedure from 23 to 27 April 2018, the CSG was in favour of approving the Change Request and its inclusion in T2S Release 3.0

Preliminary assessment:

- **Impacted functionality / module:** A2A, U2A, LCMM, SETT
- **Findings:**
 - Due to expected synergies the joint implementation of CR 587 and CR 615 is recommended.
 - Please update the CR - Description: The sentence which starts in the 2nd line must be removed (in the description of the CR it refers that there is a missing ISO code in the sese.023, but according to the description of the CR later on there is no misalignment in this regard) This applied before for the BIYI code but this issue has been covered in a different CR related to CSDR.

No further functional, technical and risk related issues have been identified beyond the elements already described in the Change Request.

EUROSYSTEM ANALYSIS – GENERAL INFORMATION			
Impact On T2S	Static data management		Interface
		Party data management	Communication
		Securities data management	X Outbound processing
		T2S Dedicated Cash account data management	Inbound processing
		Securities account data management	
		Rules and parameters data management	
		Settlement	Liquidity management
	x	Standardisation and preparation to settlement	Outbound Information Management
		Night-time Settlement	NCB Business Procedures
		Daytime Recycling and optimisation	Liquidity Operations
		Daytime Validation, provisioning & booking	LCMM
		Auto-collateralisation	Instructions validation
			x Status management
		Operational services	x Instruction matching
		Data Migration	Instructions maintenance
		Scheduling	Statistics, queries reports and archive
		Billing	Report management
		Operational monitoring	Query management
			Statistical information
			x Legal archiving
		All modules (Infrastructure request)	
		No modules (infrastructure request)	
	Business operational activities		
	Technical operational activities		

Impact on major documentation			
Document	Chapter	Change	
Impacted GFS chapter			
Impacted UDFS chapter			
Additional deliveries for Message Specification	SecuritiesTransactionPendingReportV03 (sem.018.001.03)	Un-prune new ISO transaction codes in the T2S semt.018 usage guideline.	
	SecuritiesSettlementTransactionAllegementReportV03 (sem.019.001.03)	Un-prune new ISO transaction codes in the T2S semt.019 usage guideline.	
	SecuritiesSettlementTransactionAllegementNotificationV03 (sese.028.001.03)	Un-prune new ISO transaction codes in the T2S sese.028 usage guideline.	
UHB			
External training materials			
Other documentations			
Links with other requests			
Links	Reference		Title

OVERVIEW OF THE IMPACT OF THE REQUEST ON THE T2S SYSTEM AND ON THE PROJECT
Summary of functional, development, infrastructure and migration impacts
<p><u>LCMM</u></p> <p>The allegation function inside the Status Management domain has to be updated in order to send an allegation message to the counterparty for those unmatched settlement instructions that use one of the following ISO transaction codes as "Securities Transaction Type":</p> <ul style="list-style-type: none"> • CONV • ISSU • MKDW • MKUP • NSYN • SBBK • SYND • REDI • RELE <p><u>Messages:</u></p> <p>For this purpose, the documentation available on MyStandards for messages semt.019 and sese.028 has to be updated in order to include the new ISO transaction codes valid for these messages as "Securities Transaction Type". Those new ISO transaction codes need to be un-pruned in the usage guideline. After the feedback of SGMS it was agreed to add as valid ISO transaction codes only those codes with solid business cases. After this analysis it was decided to include only 9 out of 15 ISO transaction codes. For SI containing the following ISO transaction codes for the "Securities Transaction Type", T2S behaviour will remain unchanged (i.e. no allegation will be created)</p> <ul style="list-style-type: none"> • FCTA • INSP • RODE • SBRE • SLRE • TBAC <p>The MyStandards usage guideline and schema for message semt.018 has to be updated in order to include the new ISO transaction codes (ISO transaction codes, SBRE and SLRE, need to be un-pruned). Codes 'ISSU' and 'SLRE' of 'SecuritiesTransactionType8Code' do not need to be unpruned for T2S usage in message semt.017 (already unpruned)</p> <p>Main cost drivers:</p> <p>Update the Allegement function of the Status Management module in order to send an Allegement message whenever an unmatched SI contains certain ISO transaction codes. This ISO transaction codes will be also available in Securities Settlement Transaction Allegement Notification and Securities Settlement Transaction Allegement Reports so the message schema of these messages have to be updated too. Testing will ensure sese.028, semt.018 and semt.019 report the ISO transaction code in several business cases. It also considers regression testing to ensure a high-quality delivery in all ways.</p> <p>To test the changes in Interface it is necessary to draft and execute test cases for A2A. The test cases will check the correct implementation of the changed messages. Existing regression test cases need to be updated to incorporate the changes resulting from the implementation of the CR.</p>
Summary of project risk
None.
Security analysis
No potentially adverse effect was identified during security assessment.



16 March 2018

Cost assessment on Change Requests

T2S-587-SYS – Alignment of ISO transaction codes across various T2S ISO messages			
One-off	Assessment costs*		
	- Preliminary	2,000.00	Euro
	- Detailed	10,000.00	Euro
One-off	Development costs	97,118.32	Euro
Annual	Operational costs		
	- Maintenance costs	8,640.87	Euro
	- Running costs	0.00	Euro

*The relevant assessment costs will be charged regardless of whether the CR is implemented (Cf. T2S Framework Agreement, Schedule 7, par. 5.2.3).