



EUROPEAN CENTRAL BANK

EUROSYSTEM

T2S CHANGE REQUEST FORM		
General Information (Origin of Request) <input type="checkbox"/> User Requirements (URD) or GUI Business Functionality Document (BFD) <input checked="" type="checkbox"/> Other User Functional or Technical Documentation (SYS)		
Request raised by: Deutsche Bundesbank	Institute: NCB	Date raised: 20/01/2011
Request title: A2A message to make securities ineligible for auto-collateralisation		Request No.: T2S 0384 SYS
Request type: Common	Classification: Scope Enhancement	Urgency: Normal
1. Legal/business importance parameter: Medium	2. Market implementation efforts parameter: Medium	
3. Operational/Technical risk parameter: Medium	4. Financial impact parameter: Low-medium	
Requestor Category: NCB	Status: Implemented	

Reason for change and expected benefits/business motivation :

In the context of T2S auto-collateralisation, the handling of eligible securities-related static data is not fully automated. More specifically, while the daily dissemination containing newly eligible securities is handled automatically via A2A message (Eligible Securities Creation Request - reda.025), the deletion of securities that have lost their eligibility status is only foreseen to be handled via U2A (Auto-Collateralisation Eligibility Links screen) which is prone to errors and more cumbersome as it is a manual process. An alternative to make securities ineligible for auto-collateralisation, which is currently used by Central Banks, is to provide a securities valuation equal to zero for ineligible securities. This alternative is considered to be a temporal solution as reconciliation process between T2S and local Collateral Management Systems are severely hindered until the A2A message is implemented.

The Eurosystem Collateral Management System (ECMS) will be in charge of maintaining the list of eligible securities in T2S on behalf of the Eurosystem NCBs.

As of the ECMS go-live the temporary solution of providing a value of 0 to the non-eligible securities will not be valid any longer for ECMS for at least three reasons:

- a) According to ECMS URs the ECMS will cope with Eurosystem NCB specific exclusions. Whereas the ECMS is also requested to send a single price for each eligible security. If it is the case that there is an NCB specific exclusion, then the price would be set to 0 for all the NCBs which is not the intended behaviour.
- b) Each Eurosystem NCB should be able to define its own exclusion list of eligible assets in the ECMS, and the ECMS is responsible for the sending of this exclusion list to T2S. The exclusion has to be send by ECMS to T2S in A2A.
- c) Even in a scenario in which the previous constraints could be managed, the fact that the ECMS takes over the responsibility of the local Eurosystem Collateral Management Systems magnifies the concerns expressed in the current drafting of the CR making the U2A temporary solution not viable as of the go-live of the ECMS.

The ECMS application will work with a single database of eligible assets for Eurosystem NCBs, i.e. no duplication of the same eligible asset for all Eurosystem CBs. However, as stated above, it will be possible for individual Eurosystem NCBs to define their own list of excluded assets as exceptions to the Eurosystem eligibility list.

Description of requested change:

It should be possible to remove the eligibility of securities that have lost their eligibility status via A2A message for both Central Banks (in the context of Central Bank auto-collateralisation for Eurosystem NCBs and non-euro area NCBs) and payment banks (in the context of client-collateralisation). A new A2A message should be developed to remove the securities eligibility for auto-collateralisation. Ideally, this new message should follow the same approach as the new message envisaged in Change Request T2S-0572-A2A message to remove close links.

In normal day-to-day operations Eurosystem NCBs are not allowed to delete the eligibility of a security or to create a new eligible security, in U2A or A2A. The relevant privileges should be removed from NCBs Eurosystem users. This has to be done by each responsible party as part of the access rights review .

In case of contingency situations, Eurosystem NCBs can request the deletion of the auto-collateralisation eligibility of a security as part of an operational procedure to ensure that ECMS and T2S are aligned.

In addition, it should be possible for individual Eurosystem NCBs to define exceptions to the general Eurosystem list, i.e. Securities defined as eligible in the Eurosystem list that should not be considered eligible for a specific Eurosystem NCB.

The ECMS application will work with a single database of eligible assets for all Eurosystem NCBs plus exclusion lists for individual Eurosystem NCBs. This means that the single list from ECMS will lead to replicated lists per Eurosystem NCB in T2S.

ECMS will send multiple creation messages for each Eurosystem eligible asset (one for each Eurosystem NCB).

Exceptions will be handled by means of a deletion message specifying the individual Eurosystem NCB.

Deletions for all Eurosystem NCBs will be handled by means of multiple deletion messages sent to T2S.

Submitted annexes / related documents:

Outcome/Decisions:

- * CRG meeting of 28 October 2015: The CRG decided to put the Change Request on hold for future Releases.
- * CRG meeting of 15 December 2015: The CRG decided to put the Change Request on hold and identified as potential candidate for Release 1.3.
- * CRG meeting of 8-9 February 2016: The CRG decided to put the Change Request on hold for Release 2.0. The CRG acknowledged the SGMS feedback that a new message should be developed for removing the securities eligibility for auto-collateralisation.
- * CRG meeting of 6/7 July 2016: The CRG recommended the Change Request for preliminary assessment
- * CRG meeting of 06 September 2016: The CRG took note of the T2S functionalities/modules impacted by the Change Request following the 4CB preliminary assessment.
- * CRG meeting on 4 July 2018: The CRG agreed to update the CR and recommend to the Steering Level the availability of the CR for release allocation.
- * AMI SeCo on 16 July 2018 (written procedure): The AMI-SeCo agreed to the recommendation of the CRG
- * CSG on 17 July 2018 (written procedure): The CSG confirmed the availability of the CR for release allocation.
- * CRG meeting of 4 September 2018: CRG members took note that of the two implementation options identified in the CR to store the information that certain securities are ineligible for auto-collateralisation, the 4CB had determined that storing one eligibility list per NCB as per the current T2S design would be preferable.
- * MIB on the 12 September 2018: The MIB has approved the updates on this Change Request.
- * PMG on 5 March 2020: The PMG proposed the allocation of this CR to T2S release 5.0
- * CRG on 2 July 2020: The CRG agreed to recommend to the PMG the inclusion of the CR in R5.0.
- * PMG on 17 July 2020: The PMG requested the 4CB to reassess the CR with a view to deliver the CR with R5.2
- * CRG on 7 August 2020: The CRG recommended to the PMG the implementation of the CR in R5.2
- * PMG on 12 August 2020: The PMG recommended to the Steering Level the allocation of the CR to R5.2
- * CSG on 18 August 2020: The CSG approved the allocation of the CR to R5.2
- * NECSG on 18 August 2020: The NECSG approved the allocation of the CR to R5.2
- * MIB on 27 August 2020: The MIB approved the allocation of the CR to R5.2
- * OMG on 27 October 2020: The OMG identified no operational impact, under the assumption that current solution will still be available (U2A).
- * CRG on 19 January 2021: The CRG agreed to update the CR (message documentation)
- * OMG on 27 January 2021: the OMG confirmed the earlier operational assessment of CR-384.

Documentation to be updated:**UDFS v5.0 Section 1.2.3.1 Setup of auto-collateralisation eligibility, securities valuation and close links in T2S**

[...]

Central Banks and payment banks are responsible for defining the eligibility for auto-collateralisation purpose of the relevant securities and for providing prices for the valuation of securities positions for auto-collateralisation. Only Central Banks have the option to set up the relevant close links between parties and financial instruments. This information can be provided directly by the relevant actors, or indirectly via a collateral management system. For Eurosystem NCBs, this data will normally be loaded by the Eurosystem Collateral Management System (ECMS). In contingency situations, Eurosystem NCBs can request an operational procedure to ensure the data in ECMS and T2S is aligned.

[...]

The configuration of all the static data objects related to the setup of auto-collateralisation in T2S with the exception of securities valuations provided by CBs and Payment Banks, takes place according to the dialogue pattern described by the "Maintain SD" use case (see section [Maintain Static Data Object](#) [▶ **Error! Bookmark not defined.**]). These are the messages available in A2A mode for the setup of auto-collateralisation information in T2S:

- | [EligibleSecuritiesCreationRequest](#) [▶ **Error! Bookmark not defined.**] and [EligibleSecuritiesDeletionRequest](#)¹ for securities auto-collateralisation eligibility;
- | [CollateralValueCreationRequest](#) [▶ **Error! Bookmark not defined.**] for securities valuations;
- | [CloseLinkCreationRequest](#) [▶ **Error! Bookmark not defined.**] for close links.

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UDFS v5.0 Section 1.6.3.3.2 Static data maintenance types**TABLE 1 - MANAGEMENT OF STATIC DATA OBJECTS IN A2A MODE**

AREA	OBJECT	A2A FUNCTION
Party	Party	Create, Update, Delete
	Eligible counterpart CSD link	Create
Securities	Securities	Create, Update, Delete
	Securities CSD link	Create, Update
	Securities valuation	Create
	Close link	Create
	Auto-collateralisation eligibility link	Create, <u>Delete</u>
[...]		

¹ New message name could be subject to change by Registration Authority.

UDFS v5.0 Section 2.21.2 Maintain Static Data Object – Activity Diagram

SD OBJECT	SD MAINTENANCE REQUEST		SD MAINTENANCE REQUEST STATUS/ "REJECTED"		SD MAINTENANCE REQUEST STATUS/ "QUEUED"		SD MAINTENANCE REQUEST STATUS/ "COMPLETED"	
	ISO MESSAGE	ISO CODE	ISO MESSAGE/ MESSAGE USAGE	ISO CODE	ISO MESSAGE/M ESSAGE USAGE	ISO CODE	ISO MESSAGE/ MESSAGE USAGE	ISO CODE
[...]								

SD OBJECT	SD MAINTENANCE REQUEST		SD MAINTENANCE REQUEST STATUS/ "REJECTED"		SD MAINTENANCE REQUEST STATUS/ "QUEUED"		SD MAINTENANCE REQUEST STATUS/ "COMPLETED"	
	ISO MESSAGE	ISO CODE	ISO MESSAGE/ MESSAGE USAGE	ISO CODE	ISO MESSAGE/M ESSAGE USAGE	ISO CODE	ISO MESSAGE/ MESSAGE USAGE	ISO CODE
[...]								

SD OBJECT	SD MAINTENANCE REQUEST		SD MAINTENANCE REQUEST STATUS/ "REJECTED"		SD MAINTENANCE REQUEST STATUS/ "QUEUED"		SD MAINTENANCE REQUEST STATUS/ "COMPLETED"	
	ISO MESSAGE	ISO CODE	ISO MESSAGE/ MESSAGE USAGE	ISO CODE	ISO MESSAGE/M ESSAGE USAGE	ISO CODE	ISO MESSAGE/ MESSAGE USAGE	ISO CODE
Security Auto-collateralisation Eligibility	EligibleSecuritiesCreationRequest [▶ Error! Bookmark not defined.]	reda.025.001.01	CollateralDataStatusAdvice [▶ Error! Bookmark not defined.] / "Rejected" [▶ Error! Bookmark not defined.]	reda.028.001.01	CollateralDataStatusAdvice [▶ Error! Bookmark not defined.] / "Queued" [▶ Error! Bookmark not defined.]	reda.028.001.01	CollateralDataStatusAdvice [▶ Error! Bookmark not defined.] / "Completed" [▶ Error! Bookmark not defined.]	reda.028.001.01
Security Auto-collateralisation Eligibility	EligibleSecuritiesDeletionRequest	reda.075.001.01	CollateralDataStatusAdvice [▶ Error! Bookmark not defined.] / "Rejected" [▶ Error! Bookmark not defined.]	reda.028.001.01	CollateralDataStatusAdvice [▶ Error! Bookmark not defined.] / "Queued" [▶ Error! Bookmark not defined.]	reda.028.001.01	CollateralDataStatusAdvice [▶ Error! Bookmark not defined.] / "Completed" [▶ Error! Bookmark not defined.]	reda.028.001.01

UDFS v5.0 new section 3.3.6.45 EligibleSecuritiesDeletionRequestV01

~~New section to be drafted including overview and scope of the new message, T2S-specific schema and business context. The exact content of this section will be defined during the implementation phase.~~

3.3.6.45 [EligibleSecuritiesDeletionRequestV01 \(reda.075.001.01\)](#)

3.3.6.45.1 Overview and scope of the message

This chapter illustrates the *EligibleSecuritiesDeletionRequestV01* message.

The *EligibleSecuritiesDeletionRequestV01* is sent by CBs, payment banks or any party authorised by them to T2S.

It is used to remove the eligibility of a security that has lost its eligibility status for auto-collateralisation or client-collateralisation by providing details about the security to be defined as no longer eligible.

In the response, T2S sends reda.028.001.01 when the definition of the securities as no longer eligible has been successfully processed, queued or has been rejected.

3.3.6.45.2 The T2S-specific schema

Outline of the schema

The message *EligibleSecuritiesDeletionRequestV01* is composed of the following message building blocks:

MessageHeader

This building block is mandatory and non repetitive. It must contain an identification assigned by the sending party to uniquely and unambiguously identify the message.

EligibleSecurity

This building block is mandatory and non repetitive. It contains detailed information related to the no longer eligible security. It includes the following elements:

- | Security identifier;
- | Collateralisation currency;
- | Identification of the Central Bank or Payment Bank.

References/Links

The T2S-specific schema and documentation in HTML/PDF format as well as the message examples are provided outside of this document under the following link:

http://www.swift.com/mystandards/T2S/reda.075.001.01_T2S

Business rules applicable to the schema

MESSAGE ITEM	DATA TYPE/ CODE	BUSINESS RULES
<u>Eligible Security</u>	<u>EligibleSecurity3</u>	<u>DSD5002</u>
<u>Document/ElgblSctiesDeltnReq/ElgblScty</u>		

3.3.6.45.3 The message in business context

Message example: reda.075.001.01_T2S_DeleteEligibleSecurities_Example.xml

In this example Central Bank with BIC "NCBAXXYAAA" requests the definition of a security as no longer eligible in T2S.

Eligibility is deleted for security with ISIN "XXABCDEFGHI1" and currency EUR.

Mystandards message documentation

Inclusion of documentation related to new message.

Detailed assessment:

EUROSYSTEM ANALYSIS – GENERAL INFORMATION			
T2S Specific Components		Common Components	
LCMM			
	Instructions validation		
	Status management		
	Instruction matching		
	Instructions maintenance		
	Penalty Mechanism		
Settlement			
	Standardisation and preparation to settlement		
	Night-time Settlement		
	Daytime Recycling and optimisation		
	Daytime Validation, provisioning & booking		
	Auto-collateralisation		
Liquidity Management			
	Outbound Information Management		
	NCB Business Procedures		
	Liquidity Operations		
T2S Interface (as of June 2022 without Static Data Management, Communication for SDMG, Scheduler, Billing)			
	Communication		
	Outbound Processing		
x	Inbound Processing		
Static Data Management (until June 2022)		Common Reference Data Management (from R6.0 June 2022)	
	Party data management		Party data management
x	Securities data management	x	Securities data management
	Cash account data management		Cash account data management
	Securities account data management		Securities account data management
	Rules and parameters data management		Rules and parameters data management
Statistics and archive		Statistics and archive	
x	Statistical information (until June 2022)	x	Short term statistical information
x	Legal archiving (until June 2022)		Legal archiving (from R6.0)
			Data Warehouse (from R6.0)
Information (until June 2022 containing reference data)		CRDM business interface (from R6.0 June 2022)	
	Report management		Report management
	Query management		Query management
			Communication
		x	Outbound Processing
		x	Inbound Processing
Operational Services			
	Data Migration (T2S DMT)		Data Migration (CRDM DMT, from R6.0)
	Scheduling (until June 2022)		Business Day Management (from R6.0)
			Business Day Management business interface (from R6.0)
	Billing (until June 2022)		Billing (from R6.0)

		Billing business interface (from R6.0)
	Operational Monitoring	Operational and Business Monitoring

Impact on major documentation		
Document	Chapter	Change
Impacted GFS chapter		
Impacted UDFS chapter	1.2.3.1 Setup of auto-collateralisation eligibility, securities valuation and close links in T2S	Inclusion of a note related to the loading of auto-collateralisation eligibility links for Eurosystem NCBs by ECMS. Inclusion of a reference to the new A2A message.
	1.6.3.3.2 Static data maintenance types	Inclusion of Delete operation for Securities Auto-collateralisation eligibility in A2A mode.
	2.21.2 Maintain Static Data Object – Activity Diagram	Inclusion of new A2A message in table.
	New section 3.3.6.4520 EligibleSecuritiesDeletionRequestV01	New section to be drafted for new A2A message.
Additional deliveries for Message Specification	reda.075.001.01 EligibleSecuritiesDeletionRequest	New message specification and examples to be created and uploaded in MyStandards
UHB		
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>A new A2A message will be developed to handle the deletion of Security auto-collateralisation eligibility links. For Eurosystem NCBs, the creation and deletion of such data will be handled centrally by ECMS. In contingency situations, Eurosystem NCBs will be able to request the T2S Operator to align the ECMS and T2S databases via operational procedure. In line with this, the relevant creation/deletion privileges will be revoked from Eurosystem NCB parties and users.</p> <p>ECMS will manage a single database of links for all Eurosystem NCBs, which means that they will send multiple creation/deletion messages to T2S (one per Eurosystem NCB). This is to cover the possibility to define exceptions to the general list for specific Eurosystem NCBs. Technically, this will require an ECMS User to be defined under each specific Eurosystem NCB.</p> <p>As a result, each Eurosystem NCB will have visibility on the eligibility links defined for that individual NCB.</p> <p>Based on the analysis, no switch-on mechanism is required to coordinate the deployment of the new functionality with the ECMS go-live (November 20232). A new A2A message will be introduced while keeping the rest of the functionality intact. However, the revocation of privileges from Eurosystem NCBs should only take effect as of the ECMS go-live. Until then the management of privileges should allow to let the NCBs keep loading their data using the current functionality.</p> <p>New message needs to be introduced in INTF.</p> <p>Due to the changed scope of the releases the reassessment of this CR shows impact on LTSI (update of data dictionary) and LEA (new message to archive).</p> <p>Main cost drivers: Implementation of new A2A message and impact on related Static Data management functions (coordination with SWIFT required).</p> <p>Maintenance cost category: maintenance of new functionality.</p> <p>CR category: scope enhancement.</p>		

Impact on other TARGET Services and projects
No impact on CSLD. No impact has been detected so far on ECMS side. No impact on TIPS.
Summary of project risk
None.
Security analysis
No adverse effect has been identified during security assessment.



30 June 2020

Cost assessment on Change Requests

T2S-384-SYS – A2A message to make securities ineligible for auto-collateralisation			
One-off	Assessment costs*		
	- Preliminary	2,000.00	Euro
	- Detailed	30,000.00	Euro
One-off	Development costs	165,212.97	Euro
Annual	Operational costs		
	- Maintenance costs	13,171.79	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).