

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: 4CB	Institute: 4CB	Date raised: 03/05/2013
Request title: Definition of technical parameters		Request ref. no: T2S 0408 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: No cost impact	
Requestor Category: 4CB	Status: Authorised at Steering Level	

Reason for change / expected benefits / business case:

This change is to address the need to properly document the configuration of Technical Parameters in T2S. It is in the interest of all actors in T2S to have the harmonised system parameters defined as early as possible.

Description of Request:

This Change Request updates the relevant UDFS sections to include detailed configuration information regarding Technical Parameters.

A Technical Parameter is a parameter set internally to support the system's stable behaviour and avoid technical issues which affect the use of the system. The value of this parameter is driven by internal assumptions such as for the sizing or the performance of the system.

The definition of values impacts the following parameters:

- **Technical Parameters (all relating to Settlement):**

Maximum number of settlement transactions in a settlement collection (applicable for real-time window only)	Specifies the maximum number of settlement transactions held in a settlement collection taking into account the initial business settlement transactions (including the link sets) and the potential additional settlement transactions like auto-collateralisation transactions, reverse auto-collateralisation transactions, realignment, build up chains, etc ...
Maximum number of earmarked security positions used in an auto-collateralisation solution	Specifies the maximum number of earmarked security positions that can be used by the auto-collateralisation process in order to solve a lack of cash. This is applicable both in the context of auto-collateralisation on flow and auto-collateralisation on stock.
Maximum number of potential lacks to be solved for a single settlement collection	Specifies the maximum number of lacks (cash, security, CMB) which can be analysed in a settlement collection during the real time settlement cycle. This limit is not applicable during the night time settlement cycle.
Maximum number of restriction references for settlement transactions with use of restrictions	Specifies the maximum number of restrictions references held in a single settlement transaction.
Maximum size of a realignment chain (number of realignment settlement transactions created for a pair of matched business Settlement Instruction).	Specifies the maximum number of realignment settlement transactions which can be generated in the realignment chain analyser context.

Proposed wording for the SYS Change request:

The relevant section of the UDFS will be updated ((underlined or strike-through below)) along with the table providing their values as follows:

UDFS Section <1.7.8 Settlement Configuration>, page 700

The T2S application allows for the configuration of several technical parameters regarding the settlement process. They are set internally to support the system's stable behaviour and avoid technical issues which would otherwise impact the proper functioning of the T2S platform. No specific configuration by the T2S Actor is required.

The table below summarises the parameters relating to the settlement process:

Table XXX – Technical Parameters relating to the settlement process

<u>Parameter</u>	<u>Parameter Description</u>	<u>Value for production</u>
<u>Maximum number of settlement transactions¹ in a settlement collection² (applicable for real-time window only)</u>	<u>Specifies the maximum number of settlement transactions held in a settlement collection taking into account the initial business settlement transactions (including the link sets) and the potential additional settlement transactions like auto-collateralisation transactions, reverse auto-collateralisation transactions, realignment, build up chains, etc ...</u> <u>Beyond this limit, the concerned collection would be processed during the following night time settlement cycle.</u>	<u>2500</u>
<u>Maximum number of earmarked security positions used in an auto-collateralisation solution</u>	<u>Specifies the maximum number of earmarked security positions that can be used by the auto-collateralisation process in order to solve a lack of cash. This is applicable both in the context of auto-collateralisation on flow and auto-collateralisation on stock.</u> <u>Beyond this limit, the potential auto-collateralisation solution is processed with a limited number of selected security positions (the solution might then be sub-optimal).</u>	<u>100</u>
<u>Maximum number of potential lacks to be solved for a single settlement collection</u>	<u>Specifies the maximum number of lacks (cash, security, CMB) which can be analysed in a settlement collection during the real time settlement cycle. This limit is not applicable during the night time settlement cycle.</u> <u>Beyond this limit, the concerned collection would end up without an auto-collateralisation solution and an unsettled status.</u>	<u>1000</u>
<u>Maximum number of restriction references for settlement transactions with use of restrictions</u>	<u>Specifies the maximum number of restrictions references held in a single settlement transaction.</u> <u>Beyond this limit the additional restriction references are not taken into account for the settlement of the settlement transactions using these references.</u>	<u>10 for security restrictions, 10 for cash restrictions</u>
<u>Maximum size of a realignment chain (number of realignment settlement transactions created for a pair of matched settlement instructions).</u>	<u>Specifies the maximum number of realignment settlement transactions which can be generated in the realignment chain analyser context.</u> <u>Beyond this limit the realignment chain cannot be built. The business instructions are cancelled as per the standard behaviour when the chain cannot be built.</u>	<u>12</u>

¹ A Settlement Transaction corresponds to two matched Settlement Instructions or a Settlement Restriction

² A Settlement Collection is the container used to present all linked instructions that need to be settled in the all-or-none basis

Submitted annexes / related documents:

High level description of Impact:

The Technical Parameters are included, as described above, in the following UDFS sections:

- UDFS 1.7 Limitations of the system : addition of a new section <1.7.8> "Settlement Configuration", page 700

Outcome/Decisions:

* CRG meeting of 15 May 2013: The CRG decided to split the original Change request T2S-0407-URD (Definition of System parameters and technical parameters) into three and the CRG took the following decisions on them:

- Recommend the approval of Change Request T2S-0407-URD (Definition of parameters for duplicate checks and past-dated and future-dated instructions) for approval.
- Recommend that the Change Request T2S-0340-URD (Definition of allegation delay periods) should be sent to the T2S National User Groups for consultation.

Postpone a decision on Change Request T2S-0408-SYS (Definition of technical parameters) until its next meeting.

* CRG Telco of 29 May 2013: The CRG recommended the approval of the Change Request.

* Advisory Group's advice on 10 June 2013: Following a written procedure, the AG was in favour of the Change Request.

* CSG resolution on 10 June 2013: Following a written procedure, the CSG adopted the resolution to approve the Change Request.