



EUROPEAN CENTRAL BANK

EUROSYSTEM

General Information (Origin of Request) <input checked="" 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: CSDR-Task Force (CSG)	Institute: ECB	Date raised: 19/07/2019
Request title: Daily provision of Euro Foreign Exchange Rates for the penalty mechanism		Request ref. no: T2S-0718-SYS
Request type: Common	Classification: Maintenance	Urgency: Fast-track
1. Legal/business importance parameter: High	2. Market implementation efforts parameter: Low	
3. Operational/Technical risk parameter: Low	4. Financial impact parameter: Low	
Requestor Category: Eurosystem	Status: Implemented	

Reason for change and expected benefits/business motivation:

In order to perform the daily computation of cash penalties in a T2S settlement currency, while the price of a security could be denominated in another currency, the CR654 "T2S Penalty Mechanism" foresees the provision /maintenance of daily FX rates to the T2S penalty mechanism by the ECB, as reflected in requirement T2S.16.1040: "The ECB shall maintain the Foreign Exchange Reference for all relevant currencies against Euro in T2S according to ECB official exchange rates."

When performing the operational assessment of the CR654, it was highlighted that the current operational procedure for loading the Euro Foreign Exchange Rates in T2S is suboptimal and not suitable to be used on a daily basis, due to recurring operational efforts involved as well as risk aspects.

Therefore, there is a need for establishing a more robust, safe and timely process for uploading the Euro Foreign Exchange Rates, based on the Euro foreign exchange reference rates published by the European Central Bank.

Description of requested change:

A capability to ensure the daily provision of the Euro Foreign Exchange Rates on a robust solution should be developed.

Submitted annexes / related documents:

Proposed wording for the Change request:**High level description of Impact:****Outcome/Decisions:**

- * CRG on the 2 August 2019: The CRG agreed to recommend via a written procedure CR-718 for authorisation by the T2S Steering Level.
- * AMI-SeCo on 9 August 2019: The AMI-SeCo agreed to the recommendation of the CRG on CR-718.
- * CSG on the 9 August 2019: The CSG agreed to authorise CR-718.
- * NECSG on 9 August 2019: The NECSG agreed to authorise CR-718.
- * PMG on the 16 August 2019: The PMG agreed to propose to the T2S Steering Level CR-718 for R4.2.
- * MIB on 17 September 2019: The MIB agreed to authorise CR-718
- * OMG on the 27 September 2019: The OMG identified an operational impact in the inclusion of CR-718 in R4.2
- * CRG on the 30 September 2019: The CRG recommends to the PMG the inclusion of CR-718 in R4.2.
- * PMG on 1 October 2019: The PMG recommended the inclusion of CR-718 in R4.2 for approval by the Steering level
- * NECSG on 7 October 2019: the NECSG approves the allocation of the CR to the scope of R.4.2.
- * CSG on 7 October 2019: the CSG approves the allocation of the CR to the scope of R.4.2
- * MIB on 8 November 2019: The MIB approved of the inclusion of the CR in R4.2.

EUROSYSTEM ANALYSIS – GENERAL INFORMATION

Impact On T2S	Static data management		Interface		
		Party data management		Communication	
		Securities data management		Outbound processing	
		T2S Dedicated Cash account data management		Inbound processing	
		Securities account data management			
		Rules and parameters data management			
	Settlement		Liquidity management		
		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	
				Status management	
	Operational services			Instruction matching	
	X	Data Migration		Instructions maintenance	
		Scheduling	Statistics, queries reports and archive		
		Billing		Report management	
		Operational monitoring		Query management	
				Statistical information	
				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			
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>The solution will be based on the Data Migration Tool (DMT), providing the possibility to load all the Euro Foreign Exchange Reference Rate data in bulk.</p> <p>The attributes to be provided for each row will be</p> <ul style="list-style-type: none"> - Currency code - Daily Exchange rate - Exchange rate date <p>as specified in CR-0654.</p> <p>As for all DMT functionalities only creation operations will be possible. Updates and Deletions will remain possible via the U2A interface introduced with CR-0654.</p> <p>ECB users will need to be granted the privilege to create Euro Foreign Exchange Reference Rate data introduced with CR-0654. The proper propagation of the privilege will also prevent non-ECB users from using the new DMT functionality.</p> <p>Main cost drivers:</p> <ul style="list-style-type: none"> • Implementation of completely new process into the Data Migration Tool (DMT) for "Create Euro Foreign Exchange Rate". 			
Summary of project risk			
None.			
Security analysis			
No adverse effect has been identified during security assessment.			



20 September 2019

Cost assessment on Change Requests

T2S-718-SYS – Daily provision of Euro Foreign Exchange Rates for the penalty mechanism			
One-off	Assessment costs*		
	- Preliminary	2,000.00	Euro
	- Detailed	10,000.00	Euro
One-off	Development costs	52,304.11	Euro
Annual	Operational costs		
	- Maintenance costs	3,641.38	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).