1. General Information

CR raised by: T2S Project Team	**Institute:** ECB	**Date raised: 24/09/08**
Change Request title: Streamline the management of linked instructions		**CR ref. no:** T2S URD 0045 (T2S-URD V4-SUB-02)

Change Request Classification: Substance *(Typo, Consistency, Clarification, Substance)*	**Status: Approved by AG**
Change Type: Clarification *(New Requirement/Modification/Deletion)*	**Requestor Category:** T2S Project Team *(User, 3CBPlus, ECB T2S Project Team)*
Chapter Number/Annexe Number Chapter 5	**Req No: (If applicable)** T2S.05.147, T2S.05.148, T2S.05.620, T2S.05.625
Priority (S,H,M,L): M	**Proposed implementation date/Release: Version 4.1**

Description of requested change:

The chapter 5 on Instruction life cycle management and matching of the User Requirement Document has to be amended to streamline the management of linked instructions.

In this respect, the validation process has to check that the linked instructions are consistent each other (i.e. intended settlement date and securities account holder) and the settlement eligibility process cannot forward instructions that are linked to a missing instruction (if it is required for further processing according to the type of link) to settlement.

In addition, the foreseen functionality of updating linked settlement instruction (second paragraph of T2S.05.148) would burden T2S unnecessarily without bringing any benefit from a user's point of view and has to be deleted.

It must be clarified as well that a T2S actor may only link its own instructions.

Like instructions on hold, non-eligible instructions linked to a missing instruction will be considered at the end of the intended settlement date as having failed.

Reason for change and expected benefits/business case:

The chapter 5 on Instruction life cycle management and matching of the User Requirement Document has to be amended to streamline the management of linked instructions.

Submitted annexes / related documents:

Proposed wording for the Change Request:

1. Page 14 of Chapter 5 on Instruction life cycle management and matching

T2S.05.147 Process indicator check for linking instructions

It shall be possible for T2S actors to link *their own* instructions by making use of the ISO settlement link indicators After ("AFTER"), Before ("BEFORE") and all-or-none ("WITH"). These link indicators will be used in the settlement process.

After "AFTER" means that an instruction has to be settled after or at the same time as the linked instruction.

Before "BEFORE" means that an instruction has to be settled before or at the same time as the linked instruction.

All-or-none "WITH" means that an instruction has to be settled at the same time as the linked instruction.

The settlement of linked transactions is described in detail in Section 9.2.1.

2. Page 14 of Chapter 5 on Instruction life cycle management and matching

T2S.05.148 Validation of connected settlement instructions

If an instruction is linked to one or more *existing* instructions (~~e.g. instructions with~~ *After (*"AFTE~~R~~"*), Before (*"BEFO~~RE~~"*), or all-or-none (*"WITH"*) or a* common repo reference ~~and referring to an initial settlement restriction~~), T2S shall check that the ~~linked instruction exists~~ information contained in the new instruction is consistent with the existing linked instructions (i.e. intended settlement date and securities account holder).

If an instruction refers to a settlement restriction previously sent, T2S shall check that initial restriction is still active (i.e. the restriction is still in place). Section 10.1.3 provides further information on settlement restrictions.

~~If T2S receives a linked instruction with a settlement-related link indicator which is linked to another instruction but has no link indicator to couple them together, T2S shall search for the latter instruction and, if it has not yet been settled, add the indicator on a best-effort basis.~~

3. Page 28 of Chapter 5 on Instruction life cycle management and matching

T2S.05.620 Instruction status eligibility check

T2S shall consider for settlement only instructions that are "matched", "already matched" or "accepted"~~, or~~ for which matching is not required given the type of instruction *whenever those instructions do not have the status "on hold" or are linked to a missing instruction (if it is required for further processing according to the type of link).* ~~T2S shall not regard instructions with the status "on hold" as being eligible for settlement.~~

4. New requirement:

T2S.05.625 Ineligible instructions for settlement

T2S shall regard the following instructions as being ineligible for settlement:

1. Instructions before their intended settlement date.

2. Instruction received by the settlement eligibility process after its cut-off time

3. Instructions on hold.

4. Instructions linked to a missing instruction (if it is required for further processing according to the type of link).

T2S shall consider the last three groups of instructions at the end of the intended settlement date as having failed.

Outcome of meetings:
* SG meeting on 3 Nov 2008:
Recommendation to the AG: Approval
* AG meeting on 25 Nov 2008:
Approval of SG recommendation