

General Information (Origin of Request)		
<input checked="" type="checkbox"/> User Requirements (URD)		
<input type="checkbox"/> Other User Functional or Technical Documentation (SYS)		
Request raised by: ECB	Institute: ECB	Date raised: 01/07/2014
Request title: Removal of references to CCBM2 from URD		Request ref. no: T2S 0463 URD
Request type: Common	Urgency: Normal	
1. Legal/business importance parameter: Low	2. Market implementation efforts parameter: Low	
3. Operational/Technical risk parameter: Low	4. Financial impact parameter: No cost impact	
Requestor Category: ECB	Status: Authorised at Steering level	

Reason for change and expected benefits/business motivation:

The T2S User Requirements (URD) were drafted assuming that the CCBM2 (Collateral Central Bank Management) project would be implemented; hence the URD has several references to CCBM2. On 15/06/2012 the Governing Council of the ECB decided to discontinue the CCBM2 project. Therefore the references to CCBM2 should be removed from the URD.

Description of requested change:

The CR removes references to CCBM2 from the URD.

Submitted annexes / related documents:

Proposed wording for the URD Change request:

The changes proposed by the change request will be included in URD v5.04

1. Page 4

6.3 Collateral Management (~~e.g. CCBM2~~)

2. Page 16

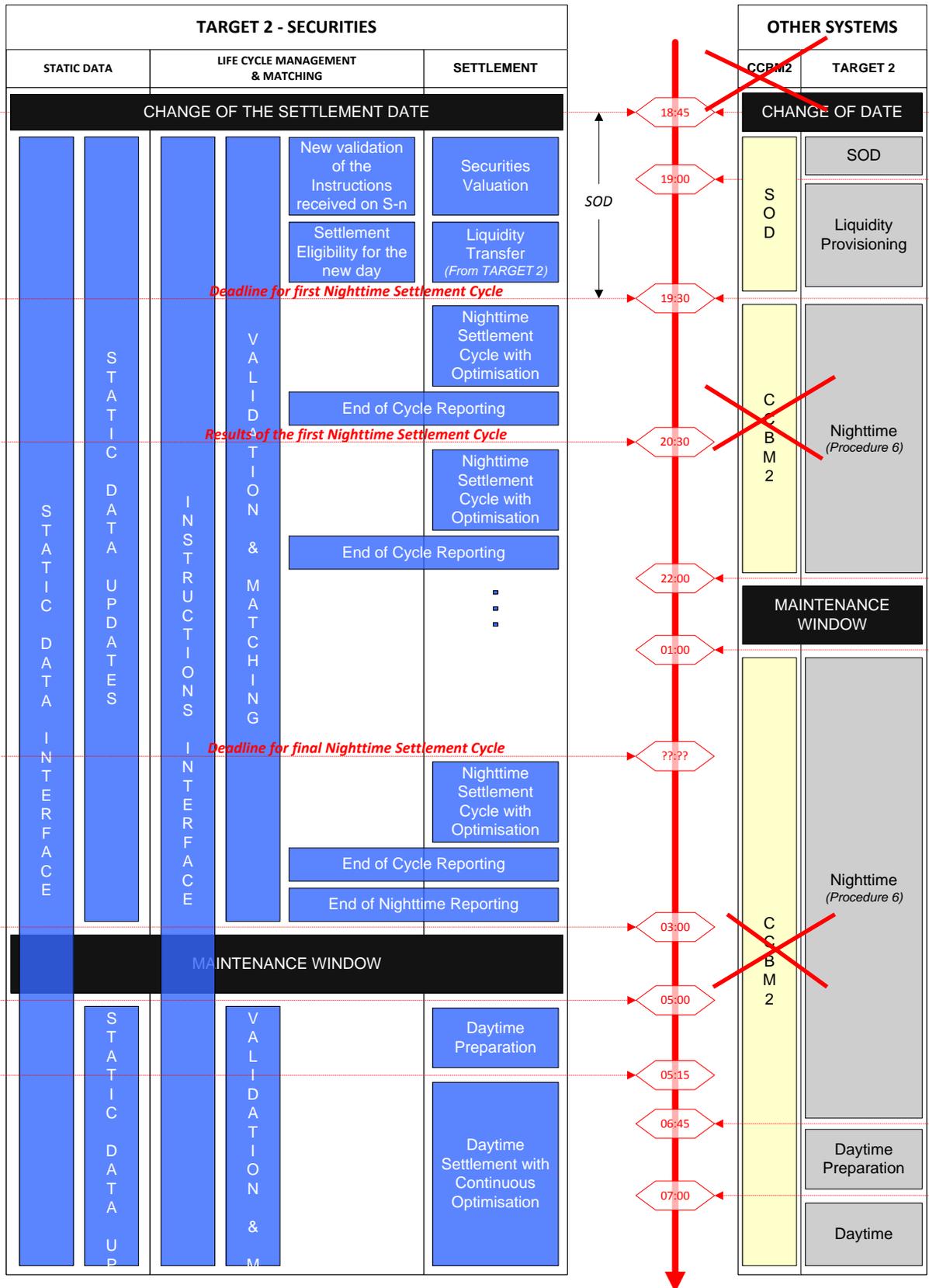
MANAGEMENT SUMMARY

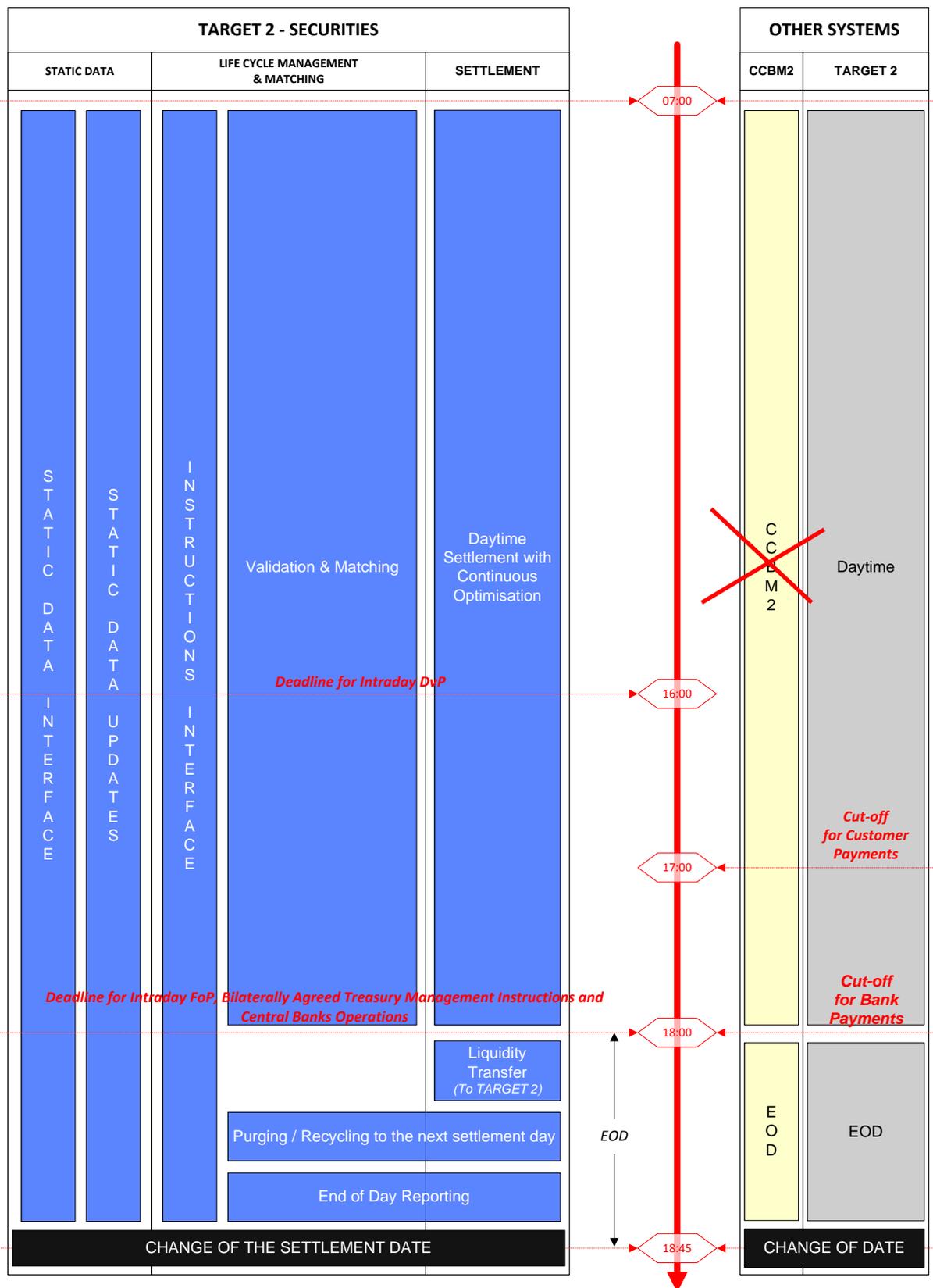
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Progress towards a mature single market has been achieved by a combination of market forces and action undertaken by the public sector to enable market forces to be effective. Some of this action has been legislative, to stimulate harmonisation across national borders, and some has involved the creation of core infrastructure to support the competitive market. The Eurosystem has been active in the payments industry by providing core borderless infrastructure for real-time settlement in central bank money (i.e. TARGET2) and by supporting the banking industry in delivering pan-European payment instruments (i.e. SEPA). ~~Further support for the single market will come from the streamlining of its collateral management systems (i.e. CCBM2).~~

3. Page 52,53

The T2S processing timetable diagram in section "3.1.1 High-level T2S processing timetable" should be updated to remove any reference to CCBM2:





Explanations relating to the diagram:

(...)

- ~~The availability windows of CCBM2 (Collateral Central Bank Management) are only indicative at this stage.²~~

Footnote 2: ~~"The CCBM2 project is currently in the phase of user requirements specification. A final timetable has not yet been defined, but it has already been recognised in principle that the opening hours will be in line with those of TARGET2 and T2S."~~

4. Page 101, 102

Table showing the list of Transaction types in section "5.7 Examples of life cycle and transaction types" should be updated

Transaction type	Originator	ISO transaction code	Life cycle type	Link indicator	Notes
...					
Monetary policy operation	CSD	REPU RVPO	DVP for already matched repos	None	Repo for monetary policy purposes.
Monetary policy operation pledge/collateral management	CCBM2	CNCB	FOP already matched	None	The movement of pledging is processed as an FOP.
Monetary policy operation pledge/collateral management	CCBM2	CNCB	-	None	The movement of pledging is processed as an FOP. Repos without links will be processed as normal buy/sell instructions
Pledge (collateral management)	Stock exchange, trading platform or CCP	COLL	FOP for special purpose (same owner or corporate actions)	None	The movement of pledging is processed as an FOP instruction.
...					

5. Page 109, line 14**6 Provision of liquidity, collateral management and monitoring of liquidity**

Chapter 6 deals with the provision of liquidity for settlement in T2S, the impact of NCBs' management of collateral on the user requirements and the monitoring of liquidity by NCBs.

Section 6.1 describes the user requirements applicable to the structure of cash accounts used for T2S settlements ("T2S dedicated cash accounts"). It defines the types of transaction allowed on T2S dedicated cash

accounts. The ability to limit the use of cash available on T2S dedicated cash accounts by setting limits is detailed in chapter 10. Finally, the section explains the different functions and tools offered by T2S for providing cash on T2S dedicated cash accounts, such as cash forecast procedures that help payment banks allocate sufficient liquidity to their T2S dedicated cash accounts.

Section 6.2 defines the user requirements for liquidity transfers between relevant RTGS accounts and T2S dedicated cash accounts.

Section 6.3 defines the user requirements resulting from the interoperability with central bank collateral management systems (e.g. ~~CCBM2~~). It covers user requirements resulting from collateral management procedures expected for monetary policy operations and intraday credit provision, and also deals with the provision of intraday credit through auto-collateralisation procedures.

6. Page 132, 133

Section “6.3 Collateral Management (e.g. CCBM2)” should be updated

Section 6.3 Collateral Management (e.g. ~~CCBM2~~)

6.3.1 Specific requirements resulting from monetary policy operations and intraday credit (without auto-collateralisation)

There are no special requirements for T2S resulting from the mobilisation of collateral for monetary policy operations and intraday credit (except for the use of auto-collateralisation).

6.3.2 Specific requirements resulting from intraday credit out of auto-collateralisation

Information on eligible securities

Reference ID	T2S.06.720
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T2S shall receive information on eligible collateral, and closed links from ~~CCBM2~~ or a Eurosystem central database every time when they are updated (normally once per settlement day).

This information will enable T2S to calculate the collateral value in line with the rules of the Eurosystem in order to process auto-collateralisation in a very short timeframe.

It shall also be possible to receive information on eligible collateral and close links from NCBs that do not belong to the Eurosystem in order to make use of auto-collateralisation for settlement in non-euro currencies using the same interface.

Sending settlement confirmation/blocking confirmation

Reference ID	T2S.06.730
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T2S shall inform connected collateral management systems of central banks (e.g. ~~CCBM2~~), CSDs and directly connected T2S parties about transfers and/or the blocking securities in order to perform auto-collateralisation by sending a settlement confirmation/blocking confirmation if the receiver has subscribed to those messages in the message subscription service.

Sending settlement confirmation/unblocking confirmation

Reference ID	T2S.06.740
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T2S shall inform connected collateral management systems of central banks (e.g. ~~CCBM2~~), CSDs and directly connected T2S parties about transfers and/or the unblocking of securities from the reimbursement of intraday credit out of auto-collateralisation by sending a settlement confirmation/unblocking confirmation if the receiver has subscribed to those messages in the message subscription service.

Release of free collaterals

Reference ID	T2S.06.740
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After access to overnight facilities in TARGET2 (or for non-euro currencies in another RTGS system), T2S shall be able to

- transfer securities from the securities account of a central bank (in T2S) to the securities account of a T2S party and to
- unblock securities on the securities account of a T2S party

on the basis of a settlement instruction/unblocking instruction received from a connected collateral management system of central banks (~~e.g. CCBM2~~).

7. Page 268, lines 4 and 13

12 Interfaces and connectivity requirements

Chapter 12 defines the characteristics of the T2S Interface and sets out user requirements from the point of view of the various T2S actors, in the context of other T2S processes as well as other systems owned by NCBs (notably TARGET2 and ~~CCBM2~~).

Section 12.1 gives a high-level description of processes including the T2S actors and T2S components involved.

Section 12.2 lists the user requirements related to the tools and syntax used by the T2S Interface; it also provides an overview of some examples of technical access to T2S. It lists user requirements for technical validations to be carried out at the level of the T2S Interface and covers interaction with other T2S components.

Section, 12.3 sets out technical user requirements related to the connectivity of CSDs and T2S parties to the T2S Interface. It also covers those requirements of systems owned by NCBs (TARGET2 and other RTGS systems, ~~CCBM2 and other collateral management systems~~) with which T2S will have to comply.

8. Page 278, line 18

12.3 Connectivity requirements

This section deals with the types of connections that will be established between T2S and the systems interfaced with T2S and defines the basic services offered. It therefore covers:

- the common connectivity needs of all T2S actors,
- the specific connectivity needs of CSDs and directly connected parties,
- the connectivity needs of TARGET2 and any other RTGS system,
- the connectivity needs of ~~CCBM2 and any other collateral management system~~.

9. Page 280 and 281

Section “12.3.2.2 CCBM2 and other collateral management systems” should be updated

12.3.2.2 ~~CCBM2 and other c~~Collateral management systems

~~Interface to CCBM2~~

Reference ID	T2S.06.740
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~~There shall be an interface between T2S and CCBM2 to provide the necessary information for the valuation of collateral and for the auto-collateralisation process.~~

Open concept for connectivity to collateral management systems

Reference ID	T2S.06.740
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The interface with collateral management systems shall be designed following an “open” concept in such a way that the same interface can be used to connect ~~CCBM2 and any other~~ collateral system for euro and non-euro NCBs. In particular, this interface shall make use of a single set of standard messages used by all collateral management systems.

10. Page 283, line 7

13 Messages and reports requirements

The aim of this chapter is to describe the messages and reports requirements in the context of T2S. These messages and reports requirements aim at meeting the needs of both T2S and T2S actors to receive specific messages and reports (which will sometimes contain specific data required for efficient settlement).

The messages and reports requirements are part of the business requirements related to T2S communication, which also include queries (covered in chapter 14) and interactions with other Eurosystem platforms like TARGET2 and ~~CCBM2~~ (covered in chapter 6).

11. Page 498

Remove CCBM2 from the Glossary

Title	Definition	Remark
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...		
Collateral	assets provided either in the form of the transfer of ownership of assets (in the case of title transfer or repurchase agreements) or in the form of a pledge or a charge granted over relevant assets (in the case of collateralised loans).	Change of Blue Book Definition to reflect the broader context of securities settlement.
Collateral Central Bank Management (CCBM2)	the IT platform that NCBs use for managing eligible collateral for Eurosystem credit operations.	-
Commercial Bank Money (CoBM) Settlement	settlement is described as being in commercial bank money if the payment moves between the accounts of non-central banks.	
...		

High level description of Impact:

Outcome/Decisions:

*CRG meeting of 16 July 2014: The CRG decided to recommend the approval of the Change Request.

* Advisory Group's advice on 14 August 2014: Following a written procedure, the AG was in favour of the Change Request.

* CSG resolution on 18 August 2014: Following a written procedure, the CSG adopted the resolution to approve the Change Request.