

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: 14/06/2016
Request title: Handling Liquidity Transfers with future value date		Request ref. no: T2S 0617 SYS
Request type: Common	Urgency: High	
1. Legal/business importance parameter: High	2. Market implementation efforts parameter: Low	
3. Operational/Technical risk parameter: Low	4. Financial impact parameter: Medium	
Requestor Category: 4CB	Status: Authorised at Steering Level	

Reason for change / expected benefits / business case:

T2S does not allow incoming Liquidity Transfer from RTGS Systems with a future settlement date.

This constraint currently poses a problem if the Change of Business Date in T2S is late for any reason and the Standing Order Liquidity Transfers defined and sent by the RTGS at 19:30 are not delayed by the Operator or blocked at Middleware level.

Moreover, even without considering possible incident scenarios, for example the TARGET2 and T2S calendars are not aligned, in that TARGET2 foresees three more closing days than T2S (Good Friday, Easter Monday and 1st May).

At the current stage, all the liquidity transfers sent on Easter Thursday and on the last Business Day before the 1st May from TARGET2 to T2S in preparation for the first Night-Time Cycle will be rejected. This can only be prevented by activating special procedures which could lead to problems.

This procedure was used during the Migration Weekend (Easter Weekend) 2016 (i.e. closing the T2/T2S channel at Middleware level). But as for this workaround constant on-site monitoring is required, it is not recommended to use it as a general approach.

Description of Requested Change:

Solution to solve the above mentioned behaviour:

- In case of a delay T2S should be able to accept liquidity transfers for the next Business day although the new T2S Business day is not yet reached. This means T2S accepts Liquidity Transfers after the scheduled time for Change of Business Day.
- In case of currency specific T2S opening days, T2S should be able to accept Liquidity Transfers for the closed currency although it is currently closed for this specific currency. These Inbound Liquidity transfers should not be rejected but executed at the next currency specific opening date.
- In general it will not be possible to enter inbound liquidity transfers with any future value date independently from Opening or Closing Days. The new functionality should only cover these specific scenarios. For any other future settlements, predefined liquidity transfer orders have to be used.

Depending on the concrete way of implementation it might be that the Liquidity Transfer is only visible (via A2A/U2A) when the respective future business day is reached. The same is valid for notifications and acknowledgements sent by T2S.

Submitted annexes / related documents:

Proposed wording for the SYS Change request:**GFS:**

3.6.7.3 Processing of UC-LT-3: Execution of Liquidity Transfer from RTGS to T2S

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the currency is eligible as T2S settlement currency and is the same as the currency of the T2S Dedicated Cash Accounts involved; *

*(New footnote:) In case the business day change is delayed or T2S has a currency specific closing date incoming LTs will be parked until the next business day for the specified currency is reached.

UDFS:

1.6.2.1.3 Liquidity Transfer Process

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Any Liquidity Transfer arriving in T2S after the Business date change and prior to the Liquidity Transfer cut-off is processed; otherwise the incoming Liquidity Transfer is rejected;

In case of delays in the SOD, incoming LTs will be parked until the new business date is reached.

The Value Date of the incoming Inbound, Internal or Outbound Liquidity Transfer should be identical to the current Business Day.

In case of a currency specific closing date the incoming LTs will be parked until the next currency specific opening date is reached.

4.1 Index of Business Rules and Error Codes

Update of Business Rule LLCI009

Any Liquidity Transfer arriving in T2S after the Business date change and prior to the Liquidity Transfer cut-off is processed, otherwise the incoming Liquidity Transfer will be rejected.

In case of delays in the SOD incoming LTs will be parked until the new business date is reached.

Update of Business Rule LLCI011

The Value Date of the incoming Inbound, internal or outbound Liquidity Transfer should be identical with the current Business Day

In case of a currency specific closing date the incoming LTs will be parked until the next currency specific opening date is reached.

UHB

Amendment of the Business Rule LLCI009 in Section "6.4.2.93 Immediate Liquidity Transfer Order – New Screen (References for Error Messages)"

High level description of Impact:

Outcome/Decisions:

- * CRG teleconference on 17 June 2016: The CRG agreed to make some updates on the Change Request and recommended the updated Change Request for detailed assessment.
- * OMG on 27 June 2016: Following the OMG written procedure from 20 to 27 June 2016, the OMG indicated that the Change Request does not have an operational impact.
- * Advisory Group on 29 June 2016: Following a written procedure from 23 to 29 June 2016, the Advisory Group was in favour of launching the detailed assessment on the Change Request.
- * CSD Steering Group on 30 June 2016: Following a written procedure from 23 to 30 June 2016, the CSD Steering Group was in favour of launching the detailed assessment on the Change Request.
- * CRG meeting of 6 September 2016: The CRG recommended the approval of Change Request and its inclusion in the T2S Release 1.3.
- * OMG on 16 September 2016: During a written procedure from 31 August to 16 September 2016, the Operations Managers Group did not identify any blocking operational impact of the Change Request. The OMG was in favour of adding the Change Request to Release 1.3.
- * Advisory Group on 20 September 2016: Following a written procedure from 14 to 20 September 2016, the AG was in favour of approving the Change Request and its inclusion on T2S Release 1.3.
- * CSD Steering Group on 21 September 2016: During the CSG meeting on 21 September 2016, the CSG adopted the resolution to approve the Change Request and its inclusion on T2S Release 1.3.

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	
	x	Standardisation and preparation to settlement		Outbound Information Management	
		Night-time Settlement		NCB Business Procedures	
		Daytime Recycling and optimisation	X	Liquidity Operations	
		Daytime Validation, provisioning & booking		LCMM	
		Auto-collateralisation		Instructions validation	
				Status management	
		Operational services		Instruction matching	
		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	3.6.7.3 Processing of UC-LT-3: Execution of Liquidity Transfer from RTGS to T2S	
Impacted UDFS chapter	1.6.2.1.3 Liquidity Transfer Process 4.1 Index of Business Rules and Error Codes	p. 548 l. 23-26 Addition of new parking Liquidity Transfer functionality Business Rules LLCI009 and LLCI011 in LQMG will be enhanced with further information.
Additional deliveries for Message Specification		
UHB	UHB Amendment of the Business Rule LLCI009 in Section "6.4.2.93 Immediate Liquidity Transfer Order – New Screen (References for Error Messages)"	
External training materials	Functional Advanced Module Training Session- Workshop 3: Application Process Liquidity Management	
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>Business Rules LLCI009 and LLCI011 in LQMG will be enhanced with further information.</p> <p>All incoming Liquidity Transfers will be checked if they have an intended settlement date for the following Business Day (current T2S Business Day + 1). This check will be made currency dependant, as there are currency dependant closing days within T2S. In case a Liquidity Transfer arrives after the Liquidity Transfer Cut-off and before the Change of Business Date and has a future intended settlement date the Liquidity Transfer will be parked. No further validations will be performed at this stage.</p> <p>In case a Liquidity Transfer arrives with a future settlement date where the instructed currency has a closing day this Liquidity Transfer will also be parked until the next Business Day of this specific currency.</p> <p>If the Liquidity Transfer does not contain the date of the following business day it will not be parked but directly handled by the various validation processes.</p> <p>Liquidity Transfers that are parked will only be retrievable for the T2S User via the Inbound Messages screen, but not via the Immediate Liquidity Transfer Orders screen. Similarly, those Liquidity Transfers that are parked cannot be considered for the cash forecast query and report for the following business day.</p> <p>T2S will then be able to accept and process Liquidity Transfers, which have a future business date, as long as it is the following business day (current business day + 1). This check for the current and following Business Day is performed currency dependant. Liquidity Transfers containing a future settlement day of later than current Business Day + 1 will still not be processed according to the current requirements and Business Rules.</p>			
Summary of project risk			
None.			
Security analysis			
No potentially adverse effect was identified during the security assessment.			

DG - MARKET INFRASTRUCTURE & PAYMENTS
 MARKET INFRASTRUCTURE MANAGEMENT

ECB-PUBLIC



30 August 2016

Cost assessment on Change Requests

T2S-617-SYS – Handling Liquidity Transfers with future value date			
One-off	Assessment cost*		
	- Preliminary	2,000.00	Euro
	- Detailed	10,000.00	Euro
One-off	Project phase costs	100,409.87	Euro
Annual	Operational costs	8,498.45	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).