



EUROPEAN CENTRAL BANK
EUROSYSTEM

General Information (Origin of Request) <input 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: Clearstream	Institute: CSD	Date raised: 26/09/2018
Request title: Enhanced reporting of cancellation reason codes		Request ref. no: T2S-0688-SYS
Request type: Common	Classification: Scope Enhancement	Urgency: Normal
1. Legal/business importance parameter: Medium	2. Market implementation efforts parameter: Low	
3. Operational/Technical risk parameter: Low	4. Financial impact parameter: Medium	
Requestor Category: CSD	Status: Implemented	

Reason for change and expected benefits/business motivation:

With CR520 T2S provides the option to specify the reason code CANT within the sese.020 cancellation request for cancellations of settlement instructions due to transformation. When this code is specified in the sese.020 cancellation request, T2S will report it back in the status update message (sese.024) that informs about the cancellation of a settlement instruction.

While this logic closes the reporting gap for transformations, it is not possible for CSDs to indicate the business background of a cancellation within the sese.020 cancellation request in other cancellation scenarios. Those would still be reported by T2S as "Cancelled by yourself" or "Cancelled by third party".

Similarly, it would not be possible to indicate that an instruction is cancelled due to a Buy In.

In such scenarios, CSDs could use the other cancellation reason codes available in ISO20022, e.g.

- o **End Of Life [CXLR]:** for cancellations because the instruction was rejected outside of T2S,
- o **Cancelled Split Partial Settlement [CANZ]:** for cancellations due to splitting,
- o **Securities No Longer Eligible [SCEX]:** if an ISIN is no longer supported in an Investor CSD.
- o **Cancelled Due To Buy In [BYIY]:** if a buy in is initiated, and the instruction is cancelled in this process.

CSDs would provide such cancellation reasons in the sese.020 cancellation request, and T2S would report them in the related status update messages for settlement instructions (sese.024) and settlement restrictions (semt.014).

Therefore, there is a need to extend the scope of reasons for cancellations that can be used in a cancellation request, beyond the functional case of transformations. The same scope extension is required in the status messages that T2S uses to inform about those cancellations (sese.024 for settlement instructions, semt.014 for settlement restrictions), as well as in the corresponding statements and in the feedback to queries.

Description of requested change:

1) Extend the scope of reasons for cancellations

The change requested is that T2S should allow the usage of the following codes in the cancellation request (sese.020) and report these reason codes in the subsequent status update (sese.024), in the Statement of pending transactions (semt.018), in the Securities Settlement Transaction Audit Trail Report (semt.022), in the Settlement instruction query response (semt.027), in the Intraposition Movement Status Advice (semt.014), in the Intraposition Movement Query Response (semt.029) and in the Intraposition Movement Pending Report (semt.034).

- BYIY: Cancelled Due To Buy In¹
- CANI: Cancelled By Yourself
- CSUB: Cancelled by Agent
- CXLR: End of Life
- CANT: Cancelled due to Transformation (already supported in sese.020 [CR-520 requirement] and sese.024 [CR-496 requirement])
- CANZ: Cancelled Split Partial Settlement

¹ With the next ISO upgrade CR, i.e. CR713, code BYIY will become available in the ISO20022 base messages (updates related to CR001447 and CR001449).

- CORP: Cancelled Due To Corporate Action
- SCEX: Securities No Longer Eligible
- OTHR: Other
- CTHP: Cancelled by third party

If those codes are supported by T2S, then a CSD could indicate in a much more granular way why it cancels an instruction or restriction on T2S. This additional information could be helpful for CSDs participants to understand the background of a cancellation (whereas today only CANI, CANS, CANT or CTHP are reported).

Any user with the privileges needed to cancel the settlement instruction or restriction could use all these new reason codes for cancellation equally.

In the context of CSDR, it would be possible to indicate that a given instruction is cancelled due to a Buy In.

If any reason of cancellation is informed in the sese.020, this reason would be reported back in the status update message informing about the cancellation (i.e. sese.024 / semt.014).

If no reason is informed, the behaviour will remain unchanged (i.e. the sese.024 / semt.014 will report back "CANI" if the instructing party of the cancellation instruction is the same as the instructing party of the underlying settlement instruction and "CTHP" if the instructing party of the cancellation instruction is different to the instructing party of the underlying settlement instruction)

If the cancellation of the settlement instruction is sent already matched, the reason informed in the cancellation instruction will apply to both legs of the transaction.

All cancellation codes mentioned above are already supported in ISO20022. To enable their use in T2S, the codes that are not supported yet must be unpruned in the T2S customised messages.

Submitted annexes / related documents:

Proposed wording for the Change request:

...

UDFS v5.2:

3.3.8.5 SecuritiesSettlementTransactionStatusAdviceV10 (sese.024.001.10)

[...]

3.3.8.5.3 The message in business context:

[...]

Message usage: Cancelled

MESSAGE ITEM	DATA TYPE/ CODE	UTILISATION
Code Docu- ment/ScitiesSttlmTxStsAdvc/PrvgSts/Canc/ Rsn/Cd/Cd	CancelledStatusReason16Code_1 [▶ 2046]	ISO reason code for the cancellation. The only possible values are: I BYIY I CANI I CANS I CANT I CTHP I CSUB I CXLR I CANZ I CORP I SCEX I OTHR

3.3.7.3. IntraPositionMovementStatusAdviceV06 (semt.014.001.06)
[...]

3.3.7.3.3 The message in business context
[...]

Message usage: Cancelled

MESSAGE ITEM	DATA TYPE/ CODE	UTILISATION
Code Docu- ment/IntraPosMvmntStsAdvc/PrcgSts/Canc /Rsn/Cd/Cd	CancelledStatusReason16Code_1 [▶ 2046]	ISO reason code for the cancellation. The only possi-ble values are: I BYIY I CANI I CANS I CTHP I OTHR I CANT I CSUB I CXLR I CANZ I CORP I SCEX

UHB v5.2:

2.2.2.6 Cancellation Securities Instruction - New Screen.

[...]

Screenshot

Illustration 1: Cancellation securities instruction - new screen – Update Illustration 31

Cancellation Instruction	
Referenced Instruction	
General	
...	...
Already Matched Cancellation	Select the already matched cancellation value to cancel both legs of the settlement instruction. This field is only available if the referenced instruction is a settlement instruction. If the referenced settlement instruction is not an already matched instruction or the actor reference is empty, the field is greyed out. References for error messages [▶ 1881]: MVCP104 MVCP105

Cancellation Instruction	
Reason for cancellation	<p>Select the applicable reason for the cancellation of the settlement instruction from the possible values:</p> <ul style="list-style-type: none"> Empty (default value) <u>BYIY</u> CANT (Cancelled due to transformation) <u>CANI</u> <u>CTHP</u> <u>CSUB</u> <u>CXLR</u> <u>CANZ</u> <u>CORP</u> <u>SCEX</u> <u>OTHR</u> <p>This field is only available if the referenced instruction is a settlement instruction or <u>intra-position movement</u></p>
Corporate Action Event Identifier	<p>Enter the identification of the corporate action event. Required format is: max. 16 characters (SWIFT-x-red)</p>

High level description of Impact:

Outcome/Decisions:

- *CRG on the 28 November 2018: The CRG agreed to launch the preliminary assessment of this Change Request.
- *CRG on the 22 February 2019: The CRG agreed to recommend for authorisation CR-688 by the T2S Steering Level.
- *AMI-SeCo on 29 March 2019: The AMI-SeCo has agreed to the recommendation of the CRG to authorise this Change Request.
- * CSG on 3-4 April 2019: The CSG has agreed to authorise this Change Request.
- * NECSG on 5 April 2019: The NECSG has agreed to authorise this Change Request.
- * MIB on the 8 April 2019: The MIB has agreed to authorise this Change Request.
- * CRG on 27 November 2019: The CRG confirmed that the requirements stated in CR-688 were stable and complete.
- * PMG on 23 January 2020: The PMG asked the 4CB to launch the detailed assessment of CR-688 in view of R5.0.
- * OMG on 11 May 2020: the OMG identified an operational impact for CR-688.
- * PMG on 28 May 2020: the PMG recommended to the Steering Level the inclusion of the CR in the scope of R5.0.
- * NECSG on 10 June 2020: the CSG approved the allocation of the CR to R5.0.
- * CSG on 18 June 2020: the CSG approved the allocation of the CR to R5.0.
- * MIB on 9 July 2020: The MIB approved the inclusion of the CR in R5.0.

Preliminary assessment:

- Impact: Low-medium
- Impacted modules: LCMM, INTF
- Findings: --
- Open issues/ questions to be clarified by the originator:

- sese.027 is not listed in the description of the requested change. Our assumption is that it is out of the scope of this CR as for CR-520.
- If the cancellation instruction is cancelling both legs of a transaction, the reason code for cancellation informed in the cancellation instruction should be reported in the relevant outbound messages for both settlement instructions.

EUROSYSTEM – GENERAL INFORMATION			
T2S Specific Components		Common Components	
LCMM			
	Instructions validation		
x	Status management		
	Instruction matching		
x	Instructions maintenance		
	Penalty Mechanism		
Settlement			
x	Standardisation and preparation to settlement		
	Night-time Settlement		
	Daytime Recycling and optimisation		
	Daytime Validation, provisioning & booking		
	Auto-collateralisation		
Liquidity Management			
	Outbound Information Management		
	NCB Business Procedures		
	Liquidity Operations		
T2S Interface (as of June 2022 without Static Data Management, Communication for SDMG, Scheduler, Billing)			
	Communication		
	Outbound Processing		
	Inbound Processing		
Static Data Management (until June 2022)		Common Reference Data Management (from PROD R6.0 June 2022)	
	Party data management		Party data management
	Securities data management		Securities data management
	Cash account data management		Cash account data management
	Securities account data management		Securities account data management
	Rules and parameters data management		Rules and parameters data management
Statistics and archive		Statistics and archive	
x	Statistical information (until June 2022)		Short term statistical information
	Legal archiving (until June 2022)		Legal archiving (from PROD R6.0)
		x	Data Warehouse (from PROD R6.0)
Information (until June 2022 containing reference data)		CRDM business interface (from PROD R6.0 June 2022)	
	Report management		Report management
	Query management		Query management
			Communication
			Outbound Processing
			Inbound Processing
Operational Services			
	Data Migration (T2S DMT)		Data Migration (CRDM DMT, from PROD R6.0)

Scheduling (until June 2022)	Business Day Management (from PROD R6.0)
	Business Day Management business interface (from PROD R6.0)
Billing (until June 2022)	Billing (from PROD R6.0)
	Billing business interface (from PROD R6.0)
Operational Monitoring	Operational and Business Monitoring

Impact on major documentation		
Document	Chapter	Change
Impacted GFS chapter		
Impacted UDFS chapter	3.3.8.5.SecuritiesSettlementTransactionStatusAdviceV08 (sese.024.001.08)	Add new reason codes for cancellations on the Message usage: Cancelled
	3.3.7.3.IntraPositionMovementStatusAdviceV04 (semt.014.001.05)	Add new reason codes for cancellations on the Message usage: Cancelled
Additional deliveries for Message Specification	SecuritiesTransactionCancellationRequestV03 (sese.020.001.05)	Unprune the reason codes BYIIY, CANI, CANZ, CORP, CSUB, CTHP, CXLR OTHR and SCEX from the datatype CancelledStatusReason13Code.
	SecuritiesSettlementTransactionStatusAdviceV08 (sese.024.001.08)	Unprune the reason codes BYIIY, CANZ, CORP, CSUB, CXLR, OTHR and SCEX from the datatype CancelledStatusReason13Code.
	IntraPositionMovementStatusAdviceV04 (semt.014.001.05)	Unprune the reason codes BYIIY, CANT, CANZ, CORP, CSUB, CXLR and SCEX from the datatype CancelledStatusReason13Code.
	SecuritiesTransactionPendingReportV08 (semt.018.001.10)	Unprune the reason codes BYIIY, CSUB, CORP, CANT, CANZ, CXLR, OTHR and SCEX from the datatype CancelledStatusReason16Code.
	SecuritiesSettlementTransactionAuditTrailReportV03 (semt.022.001.04)	Unprune the reason codes BYIIY, CSUB, CORP, CANT, CANZ, CXLR and SCEX from the datatype CancelledStatusReason16Code.
	SecuritiesSettlementTransactionQueryResponseV01 (semt.027.001.01)	Unprune the reason codes BYIIY, CSUB, CORP, CANT, CANZ, CXLR and SCEX from the datatype CancelledStatusReason16Code.
	IntraPositionMovementQueryResponseV01 (semt.029.001.01)	Unprune the reason codes BYIIY, CSUB, CORP, CANT, CANZ, CXLR and SCEX from the datatype CancelledStatusReason13Code.
IntraPositionMovementPendingReportV01 (semt.034.001.01)	Unprune the reason codes BYIIY, CSUB, CORP, CANT, CANZ, CXLR and SCEX from the datatype CancelledStatusReason13Code	
UHB		

	2.2.2.6 Cancellation Securities Instruction - New Screen.	Add new reason codes for cancellations as possible values.
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>T2S shall be enhanced to allow the usage of the following cancellation reason codes in a cancellation request (A2A and U2A):</p> <p>BYIY: Cancelled Due To Buy In</p> <ul style="list-style-type: none"> • CANI: Cancelled By Yourself • CSUB: Cancelled by Agent • CXLR: End of Life • CANT: Cancelled due to Transformation • CANZ: Cancelled Split Partial Settlement • CORP: Cancelled Due To Corporate Action • SCEX: Securities No Longer Eligible • OTHR: Other • CTHP: Cancelled by third party <p>Whenever a cancellation reason code is informed in a cancellation request, this reason will be reported in the relevant status advice outbound communication, affecting the LCMM Module:</p> <ul style="list-style-type: none"> • SecuritiesSettlementTransactionStatusAdvice (sese.024) for the cancellation of settlement instructions • Intraposition Movement Status Advice (semt.014) for the cancellation of settlement restrictions on securities. <p>If the cancellation of a settlement instruction is sent already matched, the reason informed in the cancellation instruction will apply to both legs of the transaction.</p> <p>If no reason is informed, (i.e. field is empty) the behaviour will remain unchanged, sese.024 / semt.014 will report back:</p> <ul style="list-style-type: none"> • "CANI" if the instructing party of the cancellation instruction is the same as the instructing party of the underlying settlement instruction • "CTHP" if the instructing party of the cancellation instruction is different to the instructing party of the underlying settlement instruction. <p>If any reason code is informed in a cancellation request, LCMM will store it in the data base of cancellation instructions. The status management functionality has to be modified to retrieve the reason codes to be able to report it in the sese.024 and semt.014 of cancellation and in the flat file version of semt.018 and semt.034.</p> <p>The reason code informed in the cancellation requests will be also shown U2A in the settlement instructions details screen.</p> <p>Flat file: The flat file version of semt.018 and semt.034 reports will inform also these new reason codes of cancellation under the conditions described above.</p> <p>Messages:</p> <p>The sese.020, sese.024 and semt.014 messages have to be updated to allow the selection and reporting of the following reason for cancellation: CANI, CSUB, CXLR, CANT, CANZ, CORP, SCEX, OTHR and CTHP.</p> <ul style="list-style-type: none"> • Sese.020: Unprune the reason codes CANI, CANZ, CORP, CSUB, CTHP, CXLR OTHR and SCEX from the datatype CancelledStatusReason13Code. • Sese.024: Unprune the reason codes CANZ, CORP, CSUB, CXLR, OTHR and SCEX from the datatype CancelledStatusReason13Code • Semt.014: Unprune the reason codes CANT, CANZ, CORP, CSUB, CXLR and SCEX from the datatype CancelledStatusReason13Code. 		

The semt.018, semt.022, semt.027, semt.029 and semt.034 messages have to be updated to allow the reporting of the following reasons for cancellation:

- Semt.018: Unprune the reason codes CSUB, CORP, CANT, CANZ, CXLR, OTHR and SCEX from the datatype CancelledStatusReason16Code.
- Semt.022: Unprune the reason codes CSUB, CORP, CANT, CANZ, CXLR and SCEX from the datatype CancelledStatusReason16Code.
- Semt.027: Unprune the reason codes CSUB, CORP, CANT, CANZ, CXLR and SCEX from the datatype CancelledStatusReason16Code.
- Semt.029: Unprune the reason codes CSUB, CORP, CANT, CANZ, CXLR and SCEX from the datatype CancelledStatusReason13Code.
- Semt.034: Unprune the reason codes CSUB, CORP, CANT, CANZ, CXLR and SCEX from the datatype CancelledStatusReason13Code

Screens:

The 'Cancellation Securities Instruction - New screen' needs to be updated to include as possible values the Reasons for cancellation: BYIY,CANI, CTHP, CSUB, CXLR CANZ, CORP, SCEX and OTHR.

The SDD (UDFS and UHB) shall be updated as well to include the necessary precisions.

DMT

There is no impact on DMT side because DMT tool is only used for settlement instructions, not for cancellation instructions. The new attributes are just needed for information purposes on outbound messages.

LTSI

Update of referential data in order to add the cancellation reason code.

- BYIY: Cancelled Due To Buy In
- CANI: Cancelled By Yourself
- CSUB: Cancelled by Agent
- CXLR: End of Life
- CANT: Cancelled due to Transformation
- CANZ: Cancelled Split Partial Settlement
- CORP: Cancelled Due To Corporate Action
- SCEX: Securities No Longer Eligible
- OTHR: Other
- CTHP: Cancelled by third party

Possible values have to be added as new dimension when using free queries service.

Main cost drivers:

- Update LCMM module in order to allow the usage of the cancellation reason codes in the cancellation request and the related outbound messages, reports and flat files.
- The communication process between LCMM and INTF is affected by this changes, it has to be updated.

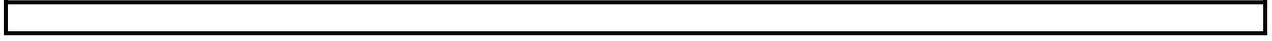
The changes described in this Change Request do not impact TIPS and the CSLD project. ECMS will have to adapt to the updated messages.

Summary of project risk

None

Security analysis

No potentially adverse effect has been detected during the detailed assessment.





08 April 2020

Cost assessment on Change Requests

T2S-0688-SYS – Enhanced reporting of cancellation reason codes			
One-off	Assessment costs*		
	- Preliminary	2,000.00	Euro
	- Detailed	10,000.00	Euro
One-off	Development costs	269,805.47	Euro
Annual	Operational costs		
	- Maintenance costs	24,980.42	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).