General Information (Origin of Request)		
☐ User Requirements (URD)		
☒ Other User Functional or Technical Documentation (SYS)		
Request raised by: CSD Steering Group (CSG)	**Institute:** CSD	**Date raised:** 25/04/2016
Request title: T2S must be able to identify, store, and report settlement information related to buy-in transactions consistently across T2S messages		**Request ref. no:** T2S 0607 SYS
Request type: Common	**Urgency:** Fast-track	
1. Legal/business importance parameter: Critical	**2. Market implementation efforts parameter:** Low	
3. Operational/Technical risk parameter: Low	**4. Financial impact parameter:** Medium	
Requestor Category: CSD	**Status:** Authorised at Steering Level	

Reason for change / expected benefits / business case:

The CSG Task Force (TF) on the Central Securities Depository Regulation (CSDR) is responsible for identifying the necessary T2S changes stemming from the CSDR requirements.

During the discussions on the CSDR requirements, it has been identified that CSDs must keep record of settlement instructions related to buy-ins, including, if applicable, the amount of cash compensation and cancellation of initial settlement instructions.

Reference to this requirement can be found in ESMA's Regulatory Technical Standards (RTS) on CSD Requirements under CSDR, Article 54, 'Transaction/Settlement Instruction (Flow) Records', point (x) and the corresponding 'Annex IV: Format of CSD records', Table 1, 'Transaction/settlement instruction (flow) records' (row 24), that defines the actual format to be followed for each record[1].

In order for CSDs to identify buy-in transactions and be able to satisfy CSDR requirements related to buy-ins, T2S must be upgraded to identify, store, and report settlement information about buy-ins consistently across T2S messages: the usage of the ISO transaction type code 'BIYI' (BuyIn) is proposed to fulfil this purpose.

Currently, the transaction code 'BIYI' (BuyIn) is not available consistently across T2S messages:

- It is excluded from the valid ISO transaction codes list (SecuritiesTransactionType7Code) pertaining to 'sese.023' message (Securities Settlement Transaction Instruction) and the status advice 'sese.024' (Securities Settlement Transaction Status Advice), however it is available in the 'sese.025' (Securities Settlement Transaction Confirmation) based on ISO transaction codes list (SecuritiesTransactionType8Code).

- It is excluded from the valid ISO transaction codes list (SecuritiesTransactionType10Code) pertaining to 'sese.028' (Securities Settlement Transaction Allegement Notification) and semt.019 (Securities Settlement Transaction Allegement Report).

- It is excluded from the valid ISO transaction codes list (SecuritiesTransactionType9Code) pertaining to 'semt.018' message (Securities Transaction Pending Report), however it is available in 'semt.017' (Statement of Transactions) based on ISO transaction codes list (SecuritiesTransactionType8Code).

Consequently, T2S must be upgraded to identify, store, and report settlement information related to buy-in transactions in the above mentioned messages / corresponding ISO transaction codes list. This upgrade will require a change to ISO message to include the missing transaction code i.e. BIYI.

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Description of Requested Change:

The ISO transaction code 'BIYI' (BuyIn) should be included as a valid value for the transaction type code <SctiesTxTp> in the following T2S messages.

- Settlement Instruction (sese.023)
- Settlement Instruction Status Advice (sese.024)
- Statement of Pending Instructions (semt.018)
- Allegement notification (sese.028)
- Statement of Allegements (semt.019)

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[1] https://www.esma.europa.eu/sites/default/files/library/2015/11/2015-esma-1457_-_annex_ii_-_csdr_ts_on_csd_requirements_and_internalised_settlement.pdf

This upgrade will also require change to above mentioned ISO messages to include the missing transaction type code BIYI as a valid value.

The flat file version of statement of pending instructions should also report the transaction type code BIYI, following a like-for-like approach regarding the report content.

The ISO transaction code 'BIYI' (BuyIn) should be included as a valid value for the 'Securities Transaction Type' field on the following T2S U2A screens.

- Settlement Instruction - New Screen
- Settlement Instructions - Search/List Screen
- Settlement Instruction - Details Screen

A new system privilege "Use ISO transaction code BIYI (BuyIn)" should also be added in the list of privileges related to settlement instruction management.

The DMT (Pending Instruction) shall also allow to input the ISO transaction type code 'BIYI' (BuyIn).

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Submitted annexes / related documents:

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Proposed wording for the Change request:

The following **UDFS 2.3** sections should be modified:

Add the new Business Rule and Error Text associated to the new ISO 20022 Code BIYI to:

A) Section 1.3.3.1.2 Privilege, Table 36 (page 140)

PRIVILEGE	T2S USER FUNCTION (MESSAGE)	PRIVILEGE TYPE	OBJECT TYPE	DEFAULT DATA SCOPE
...	...	...	...	...
Use ISO Transaction Code BIYI (BuyIn)	SecuritiesSettlementTransactionInstruction	System	n/a	All Settlement Instructions Sent
...	...	...	...	...

B) Section 3.3.8.4.2 The T2S-specific schema, Business Rules table (page 1490)

Message Item	Data Type /Code	Business Rules
...	...	...

- Code Document/SctiesSttlmTxInstr/SttlmParams/SctiesTxTp/Cd	- SecuritiesTransactionType7Code	- MVCP052 - MVCP053 - MVCP054 - MVCP055 - MVCP056 - MVCP057 - MVCP058 - MVCP059 - MVCP060 - MVCP061 - MVCP062 - MVCP063 - MVCP064 - MVCP065 - MVCP066 - MVCP067 - MVCP068 - MVCP069 - MVCP070 - MVCP071 - MVCP072 - MVCP073 - MVCP074 - MVCP075 - MVCP076 - MVCP077 - MVCP078 - MVCP079 - MVCP080 - MVCP081 - MVCP082 - MVCP083 - MVCP084 - MVCP085 - MVCP086 - MVCP087 - MVCP088 - MVCP089 - MVCP090 - MVCP091 - MVCP128 - MVCP130 - MVSQ604 - MVSQ606 - MVSQ608 - MVSQ610
...	...	...

C) Section 4.1 Index of Business Rules and Error Codes (page XXXX):

BR NAME	DESCRIPTION	INBOUND MESSAGE	REPLY MESSAGE	CODE USE	REASON CODE	ERROR TEXT
...	...	...	...	...	...	...

MVCP130	The sender of a Settlement Instruction must be authorised to send a Settlement Instruction using the ISO Transaction Code BIYI	sese.023	sese.024	\<Rjctd>	SETR	The sender of the Settlement Instruction is not authorised to send a Settlement Instruction using this ISO Transaction Code.
...	...	...	...	...	...	...

Add the new ISO 20022 Code BIYI to:

    D)   Section 4.2.1 ISO 20022 Codes (pages 2021, 2025 and 2026):

SecuritiesTransactionType7Code

Caveat: This code list will be used in more than one message and with different characteristics, i.e. one message may not make use of all codes listed here.

CODE	NAME
AUTO	AutoCollateralisation
BIYI	BuyIn
BSBK	BuySellBack
...	...

SecuritiesTransactionType9Code

CODE	NAME
AUTO	AutoCollateralisation
BIYI	BuyIn
BSBK	BuySellBack
...	...

SecuritiesTransactionType10Code

CODE	NAME
AUTO	AutoCollateralisation
BIYI	BuyIn
BSBK	BuySellBack

CODE	NAME
...	...

The following **UHB v2.3** sections should be updated:

Add the new privilege associated to the use of ISO 20022 Code BIYI to:

    A)   Section 2.2.2.19 Settlement Instruction – New Screen (pages 201 and 225):

Privileges   To use this screen, you need the following privileges [} **Error! Bookmark not defined.**]:

▌ Send new settlement instruction/settlement restriction on securities either on a securities account or on behalf of an external CSD

▌ Send new instruction using a specific instructing party

▌ Send settlement Instruction with non-modifiable flag activated

▌ Link to an instruction / pool reference belonging to a specific party

▌ Use ISO transaction code AUTO (auto-collateralisation)

▌ Use ISO transaction code BIYI (buy-in)

▌ Use ISO transaction code BSBK (buy sell back)

▌ …

Add the new ISO 20022 Code BIYI to:

Detailed Information	
…	…
Securities Transaction Type*	Select the type of transaction from the possible values: ▌ AUTO (for auto-collateralisation) ▌ BIYI (for buy-in) ▌ BSBK (for buy sell back) ▌ … ▌ References for error messages: [2380] ▌ MVCP128 ▌ MVCP130 ▌ ...

Buttons

Submit	This function enables you to create a new settlement instruction. Upon clicking on the submit button you will be asked to enter your PIN for digital signature purposes (NRO). With the entry of the PIN, T2S attaches a digital signature to the instruction entered by the T2S actor. Next screen: ❚ Settlement instructions – search/list screen [172] References for error messages: [2380] ❚ MVCP128 ❚ MVCP130 ❚ ....

Add the new ISO 20022 Code BIYI to:

B)   Section 2.2.2.17 Settlement Instruction – Search/List screen (page 175):

Settlement Instructions – Search Criteria	
Multiple Value Criteria	
…	…
Securities Transaction Type	Enter or select the securities transaction type expressed as an ISO 20022 code from the possible values: ❚ All (default value) ❚ AUTO (for auto-collateralisation) ❚ BIYI (for buy-in) ❚ BSBK (for buy sell back) ❚ …

Add the new ISO 20022 Code BIYI to:

C)   Section 2.2.2.18 Settlement Instruction – Details Screen (page 192):

Detailed Information	
Securities Transaction Type*	Shows the securities transaction type expressed as an ISO 20022 code from the possible values: ❚ AUTO (for auto-collateralisation) ❚ <u>BIYI (for buy-in)</u> ❚ BSBK (for buy sell back) ❚ …

Add the new privilege associated to the use of ISO 20022 Code BIYI to:

D) Section 3.15.1.1 Enter a Settlement Instruction (page 1306):

Privileges   To carry out this business scenario, you need the following privileges:

❚ Settlement instruction query

❚ Settlement instruction current status query

❚ Settlement instruction status audit trail query

❚ Send new settlement instruction/settlement restriction on securities either on a securities account or on behalf of an external CSD

❚ Send new instruction using a specific instructing party

❚ Send settlement instruction with non-modifiable flag activated

❚ Link to an instruction/pool reference belonging to a specific party

❚ Use ISO transaction code AUTO (auto-collateralisation)

❚ <u>Use ISO transaction code BIYI (buy-in)</u>

❚ Use ISO transaction code BSBK (buy sell back)

❚ …

Add the new privilege associated to the use of ISO 20022 Code BIYI to:

E) Section 6.3.3.172 Settlement Instruction - New Screen (page 1891):

Privilege	Privilege Code	Privilege Type	Object Types	Screen Criteria
…	…	…	…	…
Use ISO Transaction Code AUTO (Auto-Collateralisation)	SII_UAUTO	System	n/a	Securities Transaction Type

Privilege	Privilege Code	Privilege Type	Object Types	Screen Criteria
Use ISO Transaction Code BIYI (BuyIn)	SII_UBIYI	System	n/a	Securities Transaction Type
Use ISO Transaction Code BSBK (Buy Sell Back)	SII_UBS BK	System	n/a	Securities Transaction Type
…	…	…	…	…

Add the new Business Rule and Error Text associated to the new ISO 20022 Code BIYI to:

F) Section 6.3.2 Privilege Classes for GUI Screens (page 1724)

Class of Privileges	Privilege Name	Privilege Short Name
Settlement ISO Codes	Use ISO Transaction Code AUTO (Auto-Collateralisation)	SII_UAUTO
Settlement ISO Codes	Use ISO Transaction Code BIYI (BuyIn)	SII_UBIYI
Settlement ISO Codes	Use ISO Transaction Code BSBK (Buy Sell Back)	SII_UBSBK

G) Section 6.4.2.175 Settlement Instruction - New Screen (page XXXX):

Reference for error message	Field or Button	Error Text	Description
…	…	…	…
MVCP130	▮ Securities Transaction Type field ▮ Submit button	The sender of the Settlement Instruction is not authorised to send a Settlement Instruction using this ISO Transaction Code.	The sender of a Settlement Instruction must be authorised to send a Settlement Instruction using the ISO Transaction Code BIYI.

Reference for error message	Field or Button	Error Text	Description
…	…	…	…

The following **DMT File Format Specification v1.2.7** should be updated as follows:

Add the new privilege associated to the use of ISO 20022 Code BIYI to:

A) 3.1.3 Dynamic Data

3.1.3.3 Pending Instruction
- Record Type : "Pending Instruction"

The record is used to create a pending instruction.

Flat file column	Excel Column	Column Name	Format	Description	Rules	Occurs per Record	Occurs per Group
…	…	…	…	…		…	
16	P	ISO Transaction Code	Possible values: • AUTO • BIYI • BSBK • …	Securities transaction type: • AUTO = Auto Collateralisation • BIYI = Buy-In • BSBK = Buy Sell Back • …		1..1	
…	…	..	..			…	

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High level description of Impact:

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Outcome/Decisions:

* CRG meeting on 6/7 July 2016: The CRG decided to put the Change Request on hold

* CRG meeting on 26 October 2016: The CRG agreed to keep the Change Request on hold and discuss it during the CRG meeting in December 2016 during the T2S future releases scoping exercise with a possible clearer view on CSDR implementation deadline.

* CRG meeting on 07 June 2017: The CRG recommended the Change Request for detailed assessment and asked the 4CB to check the feasibility to deliver it in T2S Release 3.0. The CRG was of the opinion that the Change Request should be classified as 'evolution/enhancement due to regulation'.

* Operational Mangers Group on 19 June 2017: During a written procedure from 9 to 19 June 2017, the Operations Managers Group did not identify any blocking operational impact of the Change Request.

* Advisory Group on Market Infrastructures for Securities and Collateral (AMI-SeCo) on 19 June 2017: Following a written procedure from 09 to 19 June 2017, the AMI-SeCo was in favour of launching the detailed assessment on the Change Request.

* CSD Steering Group on 20 June 2017: Following a written procedure from 09 to 20 June 2016, the CSD Steering Group was in favour of launching the detailed assessment on the Change Request.

* CRG meeting on 23 October 2017: The CRG put the Change Request on hold.

* OMG written procedure ended 15 November 2017: the OMG did not identify any blocking operational impact of the CR

* RMSG meeting on 14 December 2017: The RMSG asked the 4CB to initiate a re-assessment for the Change Request 607 with a view on including it in the scope of R3.0.

* CRG meeting on 15 December 2017: The CRG asked the 4CB to perform a re-assessment of the CR detailed assessment with a view to implement it in R3.0 with Change Request T2S-0612-SYS and without Change Requests T2S-0606-SYS and T2S-0609-SYS.

* CRG meeting on 25 January 2018: The CRG agreed to recommend the CR for implementation in T2S release 3.0

* RMSG meeting on 30 January 2018: the RMSG was in favour of adding the CR to the R3.0 from a planning perspective

* OMG meeting on 31 January 2018: the OMG agreed that it had no objection for the implementation of this CR in R3.0.

* Advisory Group on Market Infrastructures for Securities and Collateral (AMI-SeCo) on 7 February 2018: Following a written procedure from 02 to 07 February 2018, the AMI-SeCo was in favour of approving the Change Request and its inclusion in T2S Release 3.0.

* CSD Steering Group on 9 February 2018: the CSG adopted the resolution to approve the Change Request and its inclusion in T2S Release 3.0.

* CRG teleconference on 7 May 2018: the CRG agreed to recommend an update of the Change Request to include the final wording of changes to scope defining documents.

 * OMG written procedure ended 14 May 2018: the OMG confirmed its operational assessment on the updated CR

* AMI-SeCo written procedure ended 12 June 2018: the AMI-SeCo was in favour of approving the updates to the CR

* CSG on 14 June 2018: the CSG adopted a resolution in favour of approving the updates to the CR

EUROSYSTEM ANALYSIS – GENERAL INFORMATION				

		Static data management		Interface	
Impact On T2S		Party data management		Communication	
		Securities data management		Outbound processing	
		T2S Dedicated Cash account data management		Inbound processing	
		Securities account data management			
	X	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		Liquidity Operations	
		Daytime Validation, provisioning & booking		**LCMM**	
		Auto-collateralisation		x	Instructions validation
				x	Status management
		Operational services		Instruction matching	
		Data Migration		Instructions maintenance	
		Scheduling		**Statistics, queries reports and archive**	
		Billing		Report management	
		Operational monitoring		Query management	
				X	Statistical information
				X	Legal archiving
		All modules (Infrastructure request)			
		No modules (infrastructure request)			
		Business operational activities			
		Technical operational activities			

Impact on major documentation

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Document	Chapter	Change
Impacted GFS chapter	N/A	N/A
Impacted UDFS chapter	1.3.3.1.2 Privilege, Table 36	Add the new privilege for using ISO transaction code "BIYI"
	3.3.8.4.2 The T2S-specific schema, Business Rules table	Add the new BR to BR table for the message sese.023
	4.1 Index of Business Rules and Error Codes	Add the new BR to check if the use of "BIYI" is allowed to the relevant User
	4.2.1 ISO 200022 Codes	Include the code "BIYI" in the following datatypes: SecuritiesTransactionType7Code

		SecuritiesTransactionType9Code SecuritiesTransactionType10Code
Additional deliveries for Message Specification	SecuritiesSettlementTransactionStatusAdviceV03 (sese.024.001.08) SecuritiesSettlementTransactionAllegementReportV03 (semt.019.001.06) SecuritiesSettlementTransactionAllegementNotificationV03 (sese.028.001.06) SecuritiesTransactionPendingReportV03 (semt.018.001.03) SecuritiesSettlementTransactionInstructionV03 (sese.023.001.03)	Unprune value 'BIYI' for Securities Transaction Type Code on MyStandards Usage Guidelines for the three listed messages. Add related BR to sese.023 T2S-Business Rules note for the securities transaction type.
UHB	2.2.2.19 Settlement Instruction – New Screen 2.2.2.17 Settlement Instruction – Search/List screen 2.2.2.18 Settlement Instruction – Details screen 6.3.3.172 Settlement Instruction - New Screen 6.4.2.175 Settlement Instruction - New Screen	Add relevant BIYI ISO trx code privilege, new BR reference in case User doesn´t have mentioned privilege and the "BIYI" value as possible value for the Securities Transaction Type attribute. Add "BIYI" value as possible value for the Securities Transaction Type attribute Update the UHB annex to include reference to new privilege and BR
Other documentations	DMT File format specification: Chapter 3.1.3.3 Pending Instruction Configuration Guide	Add the code BIYI as possible value for the attribute "Iso trx code" Add the new privilege for using ISO transaction code "BIYI" Add ISO transaction code "BIYI" to all the relevant attribute domains

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

SDMG
A new privilege "Use ISO Transaction Code BIYI (BuyIn)" must be added to the T2S database.
The ISO transaction code BIYI must be configured in the T2S database.

LCMM
The relevant communications related to Settlement Instructions and Allegements must be aligned in order to allow the ISO trx code "BIYI".

A new Validation check needs to be defined to check that the User has the necessary privilege to instruct a Settlement Instruction using the "BIYI" ISO trx code.

The different values that can be stored for the attribute "ISO trx code" are not hardcoded and therefore LCMM can currently process and store this value without any update, however, the different inbound and communication modes specifications need be updated accordingly whenever the possible values are defined.

Main cost drivers (All will take place during implementation phase):

- Update of the instruction validation module with the new privilege to allow the processing and further reporting of the Buy-In ISO Transaction Code.
- Testing the inclusion of the new ISO code and its related privilege validation. It also considers regression testing to ensure a high-quality delivery in all ways.
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SETT Messages:
Add new BR MVCPXXX to business rules table of UDFS chapter 3.3.8.4.2 for the message element securities transaction type.
Main cost drivers (All will take place during implementation phase):
- Performing regression testing to ensure a high-quality delivery

The reassessment in view of delivery with CR-0612 (R3.0 baseline) and CR-0607 in Release 3.0 and decoupling from CR-0606 CR-0609 (+CR-0614) leads to slight increase of the implementation cost due to additional 4CB functional testing.

Summary of project risk
None
Security analysis
No potentially adverse effect was identified during the security assessment.

DG - Market Infrastructure & Payments
Market Infrastructure Management

04 October 2017

Cost assessment on Change Requests (outdated)

T2S-607-SYS – T2S must be able to identify, store, and report settlement information related to buy-in transactions consistently across T2S messages			
One-off	Assessment costs* – Preliminary – Detailed		2,000.00 10,000.00	Euro Euro
One-off	Development costs	155,388.33	Euro
Annual	Operational costs – Maintenance costs – Running costs	12,749.38	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).

DG - Market Infrastructure & Payments   **ECB-PUBLIC**
Market Infrastructure Management

22 January 2018

Cost assessment on Change Requests

T2S-607-SYS – T2S must be able to identify, store, and report settlement information related to buy-in transactions consistently across T2S messages			
One-off	Assessment costs* - Preliminary - Detailed	2,000.00 20,000.00	Euro Euro
One-off	Development costs	160,575.58	Euro
Annual	Operational costs - Maintenance costs - Running costs	 12,973.27 0.00	 Euro 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).