

| 1. General Information | | |
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| CR raised by: T2S Project Team | Institute: ECB | Date raised: 19/09/08 |
| Change Request title: Settlement of a securities leg of an auto-collateralisation operation in a pledge country. | | CR ref. no: T2S URD 0031 (T2S-URD V4-CON-23) |
| Change Request Classification: Consistency <i>(Typo, Consistency, Clarification, Substance)</i> | | Status: Approved by AG |
| Change Type: New Requirement <i>(New Requirement/Modification/Deletion)</i> | | Requestor Category: T2S Project Team <i>(User, 3CBPlus, ECB T2S Project Team)</i> |
| Chapter Number/Annexe Number Chapter 8 | | Req No: (If applicable) |
| Priority (S,H,M,L): L | | Proposed implementation date/Release: Version 4.1 |
| Description of requested change: Settlement of the cash leg and securities leg of auto-collateralisation: In section 8.2.4, the UR does not describe the procedure for the securities leg, only the cash leg is described. Thus, a new requirement reflecting the securities movements on the auto-collateralisation transaction (on flow and on stock) is requested. This new requirement reflects the securities leg on the auto-collateralisation for a pledge country. This procedure differs from the Repo countries. | | |
| Reason for change and expected benefits/business case: The UR does not describe the movements on the securities leg of an auto-collateralisation transaction. There is a clear need to describe the flow of securities on an auto-collateralisation transaction, apart from the cash movements. The description of these movements will allow the market a better understand on how the flow of cash and securities will be processed, once an auto-collateralisation is produced. | | |
| Submitted annexes / related documents: | | |
| Proposed wording for the Change Request: Add URD: Settlement of securities leg of auto-collateralisation in the case of pledge country Settlement of securities leg of auto-collateralisation in the case of a pledge country Reference ID T2S-08-574 Simultaneously to the cash movements described on UR T2S.08.570 on auto-collateralisation. T2S shall ensure: <ul style="list-style-type: none"> • In the case where the market requires a pledge account for auto-collateralisation, that the eligible securities are moved to the account of the T2S party pledged to the central bank providing the credit. • In case where the market requires no separated pledge account, that the securities are reserved on the securities account of the settlement bank and that these securities are not used for any other securities settlement until they have been unreserved. If auto-collateralisation on flow is triggered for a buy trade with eligible securities, T2S shall: <ul style="list-style-type: none"> • Debit the seller's account with the securities; • Credit the buyer's account pledged to the central bank providing the credit, or credit the buyer's account the securities and simultaneously reserve them T2s shall link these securities transfers in order to ensure that they are all settled together and that none of them settle if one cannot settle. These securities transfers shall also be linked to the corresponding cash movement in such a way that none of these operations (cash or securities) settle if one of them does not settle. If auto-collateralisation on stock is triggered, T2S shall: <ul style="list-style-type: none"> • Debit the buyer's account with the securities to be used for auto collateralisation and credit the buyer's account pledged to the central bank providing the credit, or reserve the securities to be used for auto collateralisation. | | |

Outcome of meetings:

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