

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: CBF	Institute: CSD	Date raised: 14/07/2015
Request title: De-scoping of ISIN change functionality		Request ref. no: T2S 0536 URD
Request type: Common	Urgency: Fast-track	
1. Legal/business importance parameter: High	2. Market implementation efforts parameter: Low	
3. Operational/Technical risk parameter: Low	4. Financial impact parameter: : Low	
Requestor Category: CSD	Status: Authorised at Steering Level	

Reason for change and expected benefits/business motivation:

The T2S URD requires functionality for changing of an ISIN code, however it has been confirmed afterwards by the CASG (22nd CASG meeting on 17th February 2012) that the ISIN code change functionality is not compliant to the CA standards.

In addition, the change of ISIN functionality has several serious impacts which could cause operational risk. Namely, if an SME changes the ISIN code, then:

- Effective with the change, T2S uses the new ISIN code for all positions, i.e. any position in the old ISIN will now be represented as position in the new ISIN. This change is not reported via settlement confirmations, as it was triggered through a change of static data only.
- Effective with the change, T2S uses the new ISIN code for all pending and settled transactions: e.g. pending instructions will now settle in the new ISIN. This change is not reported by any cancellation or modification notification, as it was triggered through a static data change only.
- Effective with the change, the new ISIN code is reported in all relevant reports. In particular, instructions which were settled in the old ISIN will be reported in the statement of transactions with the new ISIN.

The static data will automatically switch to the new ISIN in T2S and the Security Activity Advice includes the change of ISIN. However, the change is not automatically reported to T2S actors and so T2S actor systems could become out of sync with T2S. This will have significant impact on back end processes of T2S Actors. E.g. it is questionable whether they can deal with the following situations:

- Assuming that the first status advice (sese.024) was received in old ISIN, the subsequent sese.024 will refer to the new ISIN after ISIN change.
- Other messages related to status advice, partial settlement or settlement confirmation (sese.025) will refer to the new ISIN in subsequent messages after the ISIN change.
- The statement of transactions (semt.017) will report partial settlement in old ISIN first and then in new ISIN on further settlement after ISIN change.
- T2S would send an allegation message on the old ISIN, which undergoes the change of ISIN. Thereafter, the counterparty instruction created from allegation will be rejected by T2S.
- If reconciliation is performed on the basis of a FULL "statement of holdings" (semt.002), holdings are reported only in the new ISIN. This will lead to reconciliation discrepancies.
- If reconciliation is performed on the basis of DELT "statement of holdings" (semt.002), the discrepancy might even remain unnoticed, in case no further settlement activity occurred.

To avoid such impacts, the functionality to change the ISIN in T2S should be de-scoped.

This topic was already discussed in the CRG and OMG.

Following a CRG written procedure, most of the CRG members preferred that it should be possible for the T2S Operator to change the ISIN code on the request of SME, only in the exceptional scenarios. However, it should be accompanied by an OMG procedure to avoid side impacts.

Description of requested change:

The ISIN change functionality should be de-scoped, for example by restricting the change of ISIN code via A2A and protecting the ISIN field in U2A screen for modifications. The usage of this functionality should be available only to the T2S Operator and only in exceptional cases of input errors by the SME while creating securities. This CR is to remove the requirement for a change of ISIN functionality from URD.

Submitted annexes / related documents:

http://www.ecb.europa.eu/paym/t2s/progress/pdf/tg/crg/crg42/2015-04-28_isin_change_functionality_in_t2s.pdf

Proposed wording for the URD Change request:

The changes proposed by the change request will be included in the URD. Referred pages are based on URD v5.04.

1. Page 288

Checking pending instructions because of static data maintenance

Reference ID	§.13.150
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When static data maintenance occurs, T2S shall check which settlement instructions must be revalidated as a result of the static data change. If the result of the validation is negative, T2S shall send a status message that includes the appropriate reason code to the CSD or the directly connected T2S party to inform about the cancellation of the pending instructions.

~~The only case where T2S will automatically reflect (at the level the interface and the messages/reports/queries) the Static Data change on the pending instructions is in the event of an ISIN change for one same security.~~

2. Page 389 – 390

Change of ISIN

Reference ID	§.16.430
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~~T2S shall support the change of ISIN without requiring the conversion of transactions and positions in the ISIN. This model shall allow the CSD to change the ISIN without having to open a new instrument, realign transactions and transfer positions from one instrument to the new instrument. Transactions and positions would remain unchanged with their original references, as T2S stores them with the internal security identifier. ISINs shall be stored in the securities code entity only. The CSD shall have the option to create a new occurrence in the Security Code entity for a security identifier by specifying an ISIN with a new valid date. In this case, T2S shall identify all transactions and positions before the new valid date with the old ISIN, and starting on the new valid date with the new ISIN. The CSD shall have the option to replace the old ISIN with the new ISIN for an existing security identifier occurrence in the Security Code entity. In this case, T2S shall identify all transactions and positions exclusively with the new ISIN.~~

Example of Modification of ISIN with New Valid Date

Identifier	id From	de	de
4	01.2007	N	ABCDEF GHIJ [†]
4	01.2007	N	0007100000

[†]XXABCDEF~~GHIJ~~ represents any ISIN according to ISO 6166

Example of Modification of ISIN with Same Valid Date

Before Change:

Identifier	id From	de	de
4	01.2007	N	ABCDEF GHIJ [†]

[†]XXABCDEF~~GHIJ~~ represents any ISIN according to ISO 6166

After Change

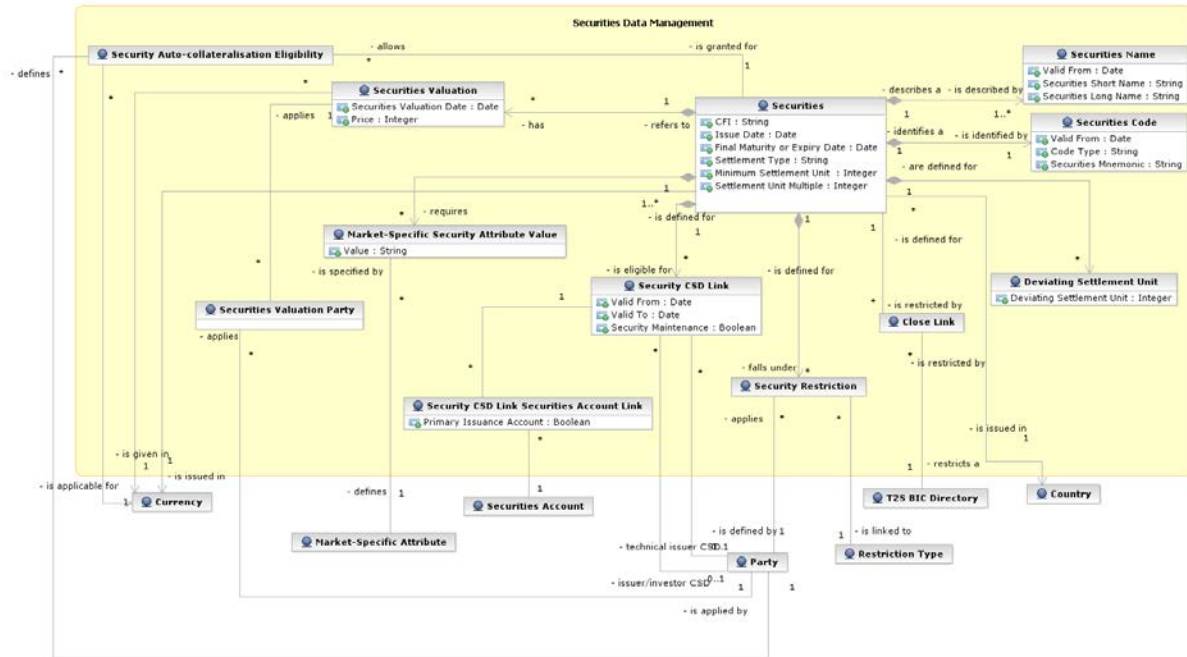
Identifier	id From	de	de
4	01.2007	N	0007100000

Proposed wording for the GFS Change request:

Section 3.3.8 Securities Data Management:

3.3.8.1 Data model of the module

The conceptual data model shown in the diagram at the beginning of the section shall be updated by setting the cardinality of Securities Code for each Security to one.



3.3.8.3 Description of the entities

The description of the Securities entity shall be updated as follows:

“The ~~entity~~ ~~Securities Code~~ and ~~Securities Name~~ are securities reference data, requiring a data history. Each security has at least one corresponding item in the ~~Securities Code~~ and ~~Securities Name~~ ~~entity~~. In addition, ~~Each security has at least one corresponding item in the Securities Code and Securities Name entity.~~”

The description of the Securities Code entity shall be updated as follows:

“This entity defines the identifiers of a security from a business perspective. The ISIN, based on ISO 6166 standard (T2S.16.420), uniquely identifies a security. ~~Since the~~The ISIN ~~may~~does not change during the lifetime of a security, however the model supports the association of more than one occurrence to a single security, which allows managing exceptional cases of input errors. The model allows only one ISIN to be valid at a given point in time (T2S.16.430).”

Proposed wording for the UDFS Change request:

Section 1.5 Possible actions of the T2S Operator:

Section 1.5.1 Business application configuration:

The list of possible actions shall be enlarged by adding the following item:

“Securities reference data: the T2S Operator can maintain the ISIN code of any given Security, either intraday or as of a future date, in order to correct possible input errors made by the responsible CSD while creating the same Security.”

Section 1.6.3.3.1 Static data objects:

Table 136 shall be amended by adding the following footnote when specifying the CSD as responsible T2S Actor for the maintenance of Securities:

TABLE 136 - STATIC DATA OBJECTS

AREA	OBJECT	RESPONSIBLE T2S ACTORS ²⁴⁹
Party	Party Eligible counterpart CSD link	T2S Operator, CSD, CB CSD
Securities	Securities Securities valuation Close link	CSD ²⁵⁰ CB, Payment Bank CB

²⁵⁰“Only the T2S Operator can maintain ISIN codes, in case of input errors by the responsible CSD.”

The example shown in diagram 141 shall be updated by removing the update of the Securities Code.

Section 3.3.6.2 SecurityMaintenanceRequest V01 (reda.007.001.01):

As T2S Operator is not interacting with T2S via A2A, the possibility to provide ISIN update, add or deletion requests should be prevented by dropping the related elements in the schema of the message. These are:

/Document/SctyMntncReq/UpdTp/UpdTp/Add/FinInstrmAttrbts/Issnc
/Document/SctyMntncReq/UpdTp/UpdTp/Add/FinInstrmAttrbts/FinInstrmId

/Document/SctyMntncReq/UpdTp/UpdTp/Del/FinInstrmAttrbts/Issnc
/Document/SctyMntncReq/UpdTp/UpdTp/Del/FinInstrmAttrbts/FinInstrmId

/Document/SctyMntncReq/UpdTp/UpdTp/Modfy/FinInstrmAttrbts/Issnc
/Document/SctyMntncReq/UpdTp/UpdTp/Modfy/FinInstrmAttrbts/FinInstrmId

MESSAGE ITEM	DATA TYPE/ CODE	BUSINESS RULES
ISIN <u>/Document/SctyMntncReq/UpdTp/UpdTp/Add/FinInstrmAttrbts/FinInstrmId</u> /ISIN	ISINIdentifier	IMP135
ISINValidFrom Docu- ment/SctyMntncReq/UpdTp/UpdTp/A dd/FinInstrmAttrbts/Issnc/ISINVldFr	ISODate	DSU1009 [1642] IMP135
ISIN <u>/Document/SctyMntncReq/UpdTp/UpdTp/Del/FinInstrmAttrbts/FinInstrmId</u> /ISIN	ISINIdentifier	IMP135
ISINValidFrom Docu- ment/SctyMntncReq/UpdTp/UpdTp/ Del/FinInstrmAttrbts/Issnc/ISINVldFr	ISODate	DSU1007 [1642] IMP135
SecurityIdentification Docu- ment/SctyMntncReq/UpdTp/UpdTp/ Modfy/FinInstrmAttrbts/SctyId	SecurityIdentification14	DSU1013 [1642]
ISIN Docu- ment/SctyMntncReq/UpdTp/UpdTp/ Modfy/FinInstrmAttrbts/SctyId/ISIN	ISINIdentifier	DSU1029 [1644] IMP135

ISINValidFrom

ISINValidFrom	ISODate	IIMP135
/Document/SecyMntncReq/UpdTp/UpdTp/Modfy/FinInstrmAttrbts/Issnc/ISINValidFr		

Section 4.1 Index of Business Rules and Error Codes:

The table should be amended to remove the records related to IIMP135, DSU1013 and DSU1029 that are not applicable any longer.

BR NAME	DESCRIPTION	INBOUND MESSAGE	REPLY MESSAGE	CODE USE	REASON CODE	ERROR TEXT
DSU1013	When performing a Securities update request, the Securities Mnemonic specified in the Securities Code section must not be already assigned to another active Securities.	reda.007	reda.029		REJT	Securities Mnemonic already used
DSU1029	When performing a Securities update request, the ISIN must be compliant with ISO 6166 standards.	reda.007	reda.029		REJT	ISIN not compliant with ISO 6166
IIMP135	When performing a Security Update request, the Valid From element for Securities Code in the addition, update or delete block must be filled in if the ISIN in the correspondent update block is filled.	reda.007	reda.029		REJT	Valid From must be provided for updating ISIN for the Security.

Proposed wording for the UHB Change request:

ISIN Valid from(*)

Enter Shows the date from which the security code is valid.

Required format is: YYYY-MM-DD

References for error messages [] 2363]:

- I DSC1026
- I DSU1007
- I DSU1009

-

This field is not available in the new screen. The current date is automatically set by T2S after you have clicked on the submit button.

ISIN* Shows the ISIN of the security.
 Required format is: max. 12 characters (SWIFT-x)
 References for error messages [2363]:
 I DSC1013
 I DSC1029
 I DSU1006
~~I DSU1013~~
~~I DSU1029~~
This field is a mandatory enter field in the new screen.

Section 2.5.2.7 Security – New/Edit Screen:

The description of the ISIN fields shall specify that they are read-only fields when amending a Security. The description of the ISIN fields and Submit button shall be amended to remove the references to DSU1013 and DSU1029.

ISIN Valid from(*) ~~Enter~~ Shows the date from which the security code is valid.
 Required format is: YYYY-MM-DD
 References for error messages [2363]:
 I DSC1026
 I DSU1007
 I DSU1009
 =
 This field is not available in the new screen.
 The current date is automatically set by T2S after you have clicked on the submit button.

ISIN* Shows the ISIN of the security.
 Required format is: max. 12 characters (SWIFT-x)
 References for error messages [2363]:
 I DSC1013
 I DSC1029
 I DSU1006
~~I DSU1013~~
~~I DSU1029~~
This field is a mandatory enter field in the new screen.

Submit This function enables you to create or edit a security.
 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.
 After a security creation request is completed a prompt is shown with the following request: 'Do you want to configure the issuer now?'
 In case you click on the 'Yes' button you will be redirected to the new CSD link screen with the following prefilled items:
 I ISIN field with Security-ISIN value;
 I Link type field is with ISSUER value;
 I Valid from with business date;
 I Issuer investor parent BIC and issuer investor BIC with user - related parent BIC (if the creating user is a CSD user, otherwise the 'Issuer Investor' fields are empty).

Next screens:

! Security CSD links – search/list screen []
684] (if you
confirm the ‘CSD Link’ confirmation prompt)

! Securities – search/list screen [] 651]

References for error messages [] 2363]:

! DSC1001

! DSC1013

! DSC1021

! DSC1022

! DSC1024

! DSC1025

! DSC1026

! DSC1027

! DSC1028

! DSC1029

! DSC1032

! DSC1040

! DSC1252

! DSC1254

! DSC1256

! DSC1257

! DSC1300

! DSC1700

! DSC1701

! DSC1702

! DSC1800

! DSU1001

! DSU1003

! DSU1005

! DSU1006

! DSU1007

! DSU1009

~~! DSU1013~~

! DSU1022

! DSU1023

! DSU1024

! DSU1025

! DSU1026

~~! DSU1029~~

! DSU1030

! DSU1031

! DSU1032

! DSU1040

! DSU1041

! DSU1042

! DSU1252

! DSU1254

! DSU1255

! DSU1256

! DSU1257

! DSU1258

! DSU1300

! DSU1301

! DSU1700

! DSU1701

! DSU1702

! DSU1703

I DSU1800

Section 7.4.2.168 Security – New/Edit Screen (References for Error Messages):

The list of references for error message shall be amended to remove the references to business rule that is not applicable any longer.

DSU1013	ISIN field Submit button	Securities Mnemonic already used	When performing a securities update request, the securities mnemonic specified in the securities code section must not be already assigned to another active security.
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High level description of Impact:**Outcome/Decisions:**

*CRG Telco of 18 August 2015: The CRG put the Change Request on hold and indicated that the Change Request is a potential candidate for Release 1.2 which will be discussed in the CRG meeting of 17-18 September 2015.

* CRG meeting of 17-18 September 2015: The CRG agreed to put the Change Request on hold and agreed to include it in the list of Change Requests for Release 1.2. The CRG considered that the Change Request is critical for the migration of wave 3 participants.

* CRG teleconference of 1 October 2015: The CRG recommended to launch the detailed assessment on the Change Request.

* Advisory Group's advice on 8 October 2015: Following a written procedure, the AG was in favour of launching the detailed assessment on the Change Request.

* CSG resolution on 9 October 2015: Following a written procedure, the CSG was in favour of launching the detailed assessment on the Change Request.

* OMG on 16 October 2015: During a written procedure from 2 October 2015 to 16 October 2015, the Operations Managers Group did not identify any operational impact of the Change Request.

* CRG meeting of 15 December 2015: The CRG agreed to conclude on its final recommendation on the Change Request during the CRG teleconference of 18 December 2015.

* CRG teleconference of 18 December 2015: The CRG recommended the approval of the Change Request and its addition to Release 1.2.

* PMG meeting on 13 January 2016: During a written procedure from 30 December 2015 to 13 January 2016, the Project Managers Group was in favour of adding the Change Request to Release 1.2.

* OMG on 13 January 2016: During a written procedure from 30 December 2015 to 13 January 2016, the Operations Managers Group did not identify any operational impact. The OMG also was in favour of adding the Change Request to Release 1.2.

* Advisory Group's advice on 21 January 2016: The AG was in favour of approving the Change Request and including it in Release 1.2.

* CSD Steering Group's resolution on 22 January 2016: The CSG took the resolution to approve the Change Request and to include it in Release 1.2.

* CRG meeting of 8-9 February 2016: The CRG recommended to anticipate implementation of an A2A part of Change Request and move it from the T2S Release 1.2 to the T2S Release 1.1.5.

* PMG teleconference 12 February 2016: The Project Managers Group was in favour to anticipate implementation of an A2A part of Change Request and move it from the T2S Release 1.2 to the T2S Release 1.1.5

* OMG on 12 February 2016: During a written procedure from 8 February 2016 to 12 February 2016, the Operations Managers Group was in favour to anticipate implementation of an A2A part of Change Request and move it from the T2S Release 1.2 to the T2S Release 1.1.5.

* Advisory Group's advice on 26 February 2016: Following a written procedure from 19 to 26 February 2016, the AG was in favour of including the A2A part of Change Request in the T2S Release 1.1.5

* CSG's resolution on 27 February 2016: Following a written procedure from 19 to 27 February 2016, the CSG adopted the resolution to include the A2A part of Change Request in the T2S Release 1.1.5.

EUROSYSTEM ANALYSIS – GENERAL INFORMATION

Impact On T2S	Static data management		Interface	
		Party data management		Communication
	X	Securities data management		Outbound processing
		T2S Dedicated Cash account data management	x	Inbound processing
		Securities account data management		
		Rules and parameters data management		
	Settlement		Liquidity management	
		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		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	§.3.3.8 – Securities data management	See changes described above.
Impacted UDFS chapter	§.1.5 – Possible actions of the T2S Operator §.1.6.3.3.1 – Static data objects §.3.3.6.2 - SecurityMaintenanceRequest V01 (reda.007.001.01) §.4.1 - Index of Business Rules and Error Codes	See changes described above.
Additional deliveries for Message Specification	reda.007 message	The message for maintaining Securities shall be amended by removing the elements that allow maintaining the ISIN code of a Security.
UHB	Section 2.5.2.7 Security – New/Edit Screen Section 7.4.2.168 Security – New/Edit Screen	The following changes must be inserted in the UHB for T2S Actors only: The description of the 'ISIN' and the 'ISIN Valid from' fields shall specify that they are read-only fields when amending a Security. The description of the ISIN field and Submit button shall be amended to remove the references to DSU1013 and DSU1029.

		<p><u>Section 7.4.2.168 Security – New/Edit Screen</u></p> <p>The list of references for error message shall be amended to remove the references to business rule DSU1013.</p> <p>The following changes must be inserted in the UHB for the T2S Operator only:</p> <p><u>Section 2.5.2.7 Security – New/Edit Screen</u></p> <p>Add information in field description for ISIN that a change of ISIN shall be applied by following the dedicated procedure described in the MOP.</p>		
External training materials	T2S_FA_WS_1_Part_3_SD_OBJ_DIAPO_v00-09.pptx T2S_FA_WS_1_Part_3_SD_OBJ_v00-10_Webinar.pptx	<p>(Slide 28 - "Security Code Entity" is impacted) (Slide 26 - "Security Code Entity" is impacted)</p>		
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>From a functional viewpoint, the T2S functionality for maintaining securities shall be restricted by impeding any CSD maintaining the ISIN codes related to their securities, while keeping this possibility for the T2S Operator.</p>	
Summary of project risk	
No	
Security analysis	
No potentially adverse effect was identified during the security assessment.	

DG-MIP/MIM



ECB-PUBLIC

11 December 2015

COST ASSESSMENT ON CHANGE REQUESTS

T2S-536-URD – De-scoping of ISIN change functionality		
Project phase costs (total)	56,123.31	Euro
Running costs (annual average over cost recovery period)	4,445.04	Euro