



EUROPEAN CENTRAL BANK

EUROSYSTEM

<b>General Information (Origin of Request)</b> <input type="checkbox"/> User Requirements (URD) or GUI Business Functionality Document (BFD) <input checked="" type="checkbox"/> Other User Functional or Technical Documentation (SYS)		
<b>Request raised by:</b> Banque de France on behalf of the T2S French NSG	<b>Institute:</b> Central bank	<b>Date raised:</b> 24/05/2018
<b>Request title:</b> Implementation of thresholds in Standing Liquidity Transfer Orders		<b>Request ref. no:</b> T2S 0679 SYS
<b>Request type:</b> Common	<b>Classification:</b> Scope enhancement	<b>Urgency:</b> Normal
<b>1. Legal/business importance parameter<sup>1</sup>:</b> Medium	<b>2. Market implementation efforts parameter<sup>2</sup>:</b> Low	
<b>3. Operational/Technical risk parameter<sup>3</sup>:</b> Low	<b>4. Financial impact parameter<sup>4</sup>:</b> High	
<b>Requestor Category:</b> Central Bank	<b>Status:</b> Allocated to a Release	

<sup>1</sup> Legal/business importance parameter was set to “Medium” because with this enhancement implemented Payment Banks will face operational less efforts related to manual reconciliations when it comes to corporate actions events and small-value transfers performed to the RTSG accounts.

<sup>2</sup> Market implementation effort parameter was set to ‘Low’ because in order to fully benefit of this change, it is not required a long implementation time on the side of the CBs and their communities.

<sup>3</sup> Operational/technical risk parameter was set to ‘Low’ because with this change implemented it is not expected to threaten the Service Level for CSDs and CBs. Additionally, it is not expected to have significant operational impact on the CSDs, CBs or 4CB.

<sup>4</sup> Low < 100kEUR < Low-Medium < 200 kEUR < Medium < 400kEUR < High < 700kEUR < Very high

**Reason for change and expected benefits/business motivation:**

Currently, T2S allows T2S Actors to define Standing Liquidity Transfer Orders which are executed every time their defined point in time is reached or when the business event configured occurs.

The amount to be transferred to the RTGS account can either be:

- a specified amount, i.e. the amount of cash to be transferred is defined and stored within the Standing Order,
- "all cash", i.e. the whole available credit balance on the T2S Dedicated Cash Account has to be transferred,
- a "dedicated amount", i.e. the amount to be transferred is calculated and generated by T2S (used in case of Corporate Actions for instance).

If there is no liquidity available on the T2S Dedicated Cash Account to be debited, the Liquidity Transfer is unsettled. In case of insufficient liquidity, Standing Orders are partially executed, i.e. the whole available amount on the account is transferred even if this amount is lower than the amount specified in the liquidity transfer order. The liquidity transfer is not recycled for further settlement for the part that could not be settled on first attempt.

The options currently available can lead to the generation of a flood of liquidity transfers for negligible amounts if payment banks define an "event based" Standing Order (CARL for instance). If the payment banks can't determine in advance the amount to be transferred (which is a valid assumption for event based Standing Orders), they have to rely on the last two options available, i.e. "all cash" or "dedicated amount". Unfortunately, in the corporate actions context, this configuration can trigger numerous small-value transfers to the RTGS accounts of the participants, with potentially manual reconciliation on their internal systems (to allocate the liquidity received) and then an increase of their operational costs.

**Description of requested change:**

The change request should allow participants, on an optional basis, to set a minimum threshold in their Standing Orders if they don't determine a specific amount, i.e.:

- Option "all cash" with a minimum threshold configured: the whole available amount on the account is transferred if the available balance is equal to or higher than the minimum threshold.
- Option "dedicated amount" with a minimum threshold configured: the amount calculated and generated by T2S is transferred if it is equal to or higher than the minimum threshold.

The implementation of such functionality would decrease the possible high number of outbound liquidity transfers and subsequently linked manual reprocessing.

The ability to set a minimum threshold is not required for liquidity transfers pertaining to the multi-liquidity provider functionality. Outbound liquidity transfers automatically generated for Monetary Policy Cash rebalancing are also out of scope of the change request.

**Submitted annexes / related documents:****Proposed wording for the Change request:**UDFS

1.6.1.8.4. Provision check process – generation of liquidity transfer for cash rebalancing

Addition to previously specified table according to below:

Conditions	Rules
Settlement Instruction related to a corporate action	The ISO transaction code of the Settlement Instructions is related to corporate action on stock or on flow.
Existence of a predefined standing order for rebalancing	A valid predefined standing order is set by the owner of the T2S dedicated cash account to

	rebalance cash received from a corporate action.
<u>Existence of a minimum threshold for a predefined standing order for rebalancing</u>	<u>The amount of the liquidity transfer is equal to or above the minimum threshold.</u>

#### 1.6.2.1.3 Liquidity Transfer Process – Predefined and Standing Liquidity Transfer Orders

Footnote to :*“In case of “all cash” the whole available amount on the T2S Dedicated Cash Account at the moment the Liquidity Transfer is transferred”:*

If a Threshold Amount is configured, the whole available amount will be transferred once the Threshold Amount defined by the T2S User is reached

#### 1.6.2.1.4 Parameter Synthesis

CONCERNED PROCESS	PARAMETER	CREATED BY	UPDATED BY	MANDATORY/OPTIONAL	POSSIBLE VALUES	STANDARD OR DEFAULT VALUE
Setup Liquidity Transfer Order	Order Type	T2S Actor	T2S Actor	M	Standing Order / Predefined Order	N/A
Setup of Liquidity Transfer Order	Is triggered by	T2S Actor	T2S Actor	M	Time Event/Business Event	N/A
Setup of date for predefined Liquidity Transfer	Is executed at	T2S Actor	T2S Actor	O <sup>332</sup>	Date	N/A
Setup of Liquidity Transfer Order	External RTGS account	T2S Actor	T2S Actor	M	External RTGS account reference	N/A
Setup of Liquidity Transfer Order	Amount	T2S Actor	T2S Actor	M	Amount	N/A
Setup of Liquidity Transfer Order	All cash	T2S Actor	T2S Actor	M	True/False	N/A
Setup of Liquidity Transfer Order	Dedicated Amount	T2S Actor	T2S Actor	M	True/False	N/A
Setup of Liquidity Transfer Order	T2S DCA to be debited	T2S Actor	T2S Actor	M	T2S DCA Account Number	N/A
<u>Setup of Standing/Predefined Liquidity Transfer Order</u>	<u>Threshold Amount</u>	<u>T2S Actor</u>	<u>T2S Actor</u>	<u>O</u>	<u>Amount</u>	<u>N/A</u>

4.1 index of business rules

BR NAME	DESCRIPTION	INBOUND MESSAGE	REPLY MESSAGE	CODE USE	REASON CODE	ERROR TEXT
SXAA020	Liquidity transfer debiting a cash balance can be settled only if (1) specified amount is lower or equal to the amount present in the requested cash balance and (2) specified amount is higher or equal to the minimum amount for a standing order (if specified)	n/a	Camt.025		SUNS	Failure of the settlement attempt of the liquidity transfer due to a lack of cash in your cash balance or <u>minimum amount not reached.</u>

**CRDM**

UHB

2.3.2.9 Standing/Predefined Liquidity Transfer Order – Details Screen

Fields Description	Standing/Predefined Liquidity Transfer Order	
	[...]	
Dedicated Amount	Shows whether the liquidity transfer order transfer a dedicated amount stemming from a specific business event triggering the liquidity transfer order.	
All Cash	Shows whether the liquidity transfer order transfer any remaining liquidity on the debit cash account.	
<u>Minimum Threshold Amount</u>	<u>Shows the minimum threshold amount of the Standing Order when a specific amount is not defined.</u>	

2.3.2.10 Standing/Predefined Liquidity Transfer Order – New/Edit Screen

Fields Description	Standing/Predefined Liquidity Transfer Order	
	[...]	

<p>Amount</p>	<p>Enter the amount of the Liquidity Transfer Order.</p> <p>Reference for error message [ ]:</p> <p>IDCC4091</p> <p>IDCC4092</p> <p>IDCC4093</p> <p>IDCC4800</p> <p>IDCU4092</p> <p>IDCU4093</p> <p>IDCU4800</p> <p>This field is mandatory if Order Type is "Standing" or "Predefined", "All Cash" is set to "No" and "Minimum threshold Amount" is not present. It is disabled and empty otherwise.</p> <p>Required format is: Amount.</p>
<p>Dedicated Amount</p>	<p>Select whether the liquidity transfer order transfers a dedicated amount stemming from a specific business event triggering the liquidity transfer order.</p> <p>This field can only be used when a T2S Account is selected.</p> <p>Reference for error message [ ]:</p> <p>IDCC4082</p> <p>IDCC4091</p> <p>IDCC4092</p> <p>IDCC4093</p> <p>IDCU4082</p> <p>IDCU4091</p> <p>IDCU4092</p> <p>IDCU4093</p>
<p>All Cash</p>	<p>Select whether the liquidity transfer order transfer any remaining liquidity on the debit cash account.</p> <p>This field can only be used when a T2S Account is selected.</p> <p>Reference for error message [ ]:</p> <p>IDCC4082</p> <p>IDCC4091</p> <p>IDCC4092</p> <p>IDCC4093</p>

	<p><u>IDCU4082</u></p> <p><u>IDCU4091</u></p> <p><u>IDCU4092</u></p> <p><u>IDCU4093</u></p>
<p><u>Minimum Threshold Amount</u></p>	<p><u>Enter the minimum threshold amount of the Standing Order when a specific amount is not defined.</u></p> <p><u>This field is only allowed when “All Cash” or “Dedicated Amount” is selected. It is not allowed otherwise.</u></p> <p><u>Reference for error message []]:</u></p> <p><u>IDCC4094</u></p> <p><u>IDCU4094</u></p> <p><u>Required format is: Amount.</u></p>

4.3.2.77 Standing/Predefined Liquidity Transfer Order – New/Edit Screen

Reference for error message	Field or Button	Error Text	Description
[...]			
<u>IDCU4094</u>	<p><u>IAmount field</u></p> <p><u>IAll Cash field</u></p> <p><u>IDedicated Amount field</u></p> <p><u>IMinimum threshold Amount</u></p> <p><u>ISubmit button</u></p>	<p><u>Minimum threshold Amount requires All Cash/Dedicated Amount</u></p>	<p><u>When performing a Liquidity Transfer Order update request, the Minimum Threshold Amount can only be specified if the Amount is set to zero and if Dedicated Amount field or the All Cash field are set to True.</u></p>

**CRDM**

UDFS

- 3.1.1. Cash Management (camt)
- 3.1.1.1. ModifyStandingOrder (camt.024)
- 3.1.1.1.1 Overview and scope of the message

[...]

MESSAGE ITEM	BUSINESS RULES
[...]	
<p>Amount</p> <p>Document/ModfyStgOrdr/NewStgOrdrValSet/Amt/AmtWthCcy</p>	<p>DCC4092</p> <p>DCU4091</p> <p>DCU4092</p>

MESSAGE ITEM	BUSINESS RULES
	DCC4093 DCU4093 DCU4094

## 5.1. Business Rules

Rule Id	Description	Inbound message	Outbound message	Reason Code	Error Text	T2S	TIPS	RTGS	CLM	ECONS2
DCU4094	When performing a Liquidity Transfer Order update request, the Minimum Threshold Amount can only be specified if the Amount is set to zero and if Dedicated Amount field or the All Cash field are set to True.	camt.024	camt.025	REJT	Minimum threshold Amount requires All Cash/Dedicated Amount	Yes	No	Yes	Yes	No

**High level description of Impact:****Outcome/Decisions:**

- \* CRG on the 4 July 2018: The CRG agreed to launch the preliminary assessment of the CR
- \* CRG teleconference on the 26 September 2018: The CRG agreed to recommend to the authorisation of the Change Request at the Steering level
- \* AMI-SeCo on the 9 October 2018: The AMI-SeCo agreed to the recommendations of the CRG to authorise this Change Request for ranking and allocation to a release.
- \* CSG meeting on 10 October 2018: The CSG authorised for ranking and allocation to a release of this Change Request.
- \* NECSG on 26 October 2018: The NECSG adopted the resolution to authorise the CR-679 for ranking and allocation to a release
- \* MIB on 5 November 2018: The MIB authorised CR-679 for ranking and allocation to a release.
- \*PMG on 14 December 2022: the PMG agreed to launch the detailed assessment of CR-679 with a view of scoping in Release R2024.JUN.
- \*CRG on 04 July 2023: the CRG agreed to recommend to the PMG the inclusion of CR-679 in the scope of R2024.NOV.
- \*OMG on 14 July 2023: the OMG identified no operational impact from the inclusion of CR-679 in R2024.NOV.
- \*PMG on 14 July 2023: the PMG agreed to recommend the inclusion of CR-679 in the scope of R2024.NOV.
- \*CSG on 21 July 2023: the CSG approved the inclusion of CR-679 in the scope of R2024.NOV.
- \*NECSG on 21 July 2023: the NECSG approved the inclusion of CR-679 in the scope of R2024.NOV.
- \*MIB on 21 July 2023: the MIB approved the inclusion of CR-679 in the scope of R2024.NOV.
- \*CRG on 11 January 2024: the CRG approved the editorial changes of the 'Description' and 'error text' of business rule 'SXAA020', as proposed by 4CB.

**Preliminary assessment:**

- **Impact:** High
- **Impacted Modules/Functionalities:** LQMG, INTF, SETT, LTSI-LEA, SDMG
- **Findings:**
  - A new field in the Liquidity Transfer Order object will allow determining a minimum amount for standing and predefined liquidity transfer orders. This field will not be usable if inputting a specific amount. This field will be editable.
- **Open issues/ questions to be clarified by the originator:**
  - Clarification is requested regarding the required behaviour of T2S for Monetary Policy Cash rebalancing. In this specific context, automatic outbound liquidity transfers are generated but they are not based on any LTO.
  - Currently A2A (camt.024) does not offer the possibility to enter a threshold. We do not foresee an update of the message. Therefore the setup of the threshold will only be possible in U2A.

#### Detailed assessment:

EUROSYSTEM ANALYSIS – GENERAL INFORMATION			
T2S Specific Components		Common Components	
<b>LCMM</b>			
	Instructions validation		
	Status management		
	Instruction matching		
	Instructions maintenance		
	Penalty Mechanism		
<b>Settlement</b>			
X	Standardisation and preparation to settlement		
X	Night-time Settlement		
	Daytime Recycling and optimisation		
X	Daytime Validation, provisioning & booking		
	Auto-collateralisation		
<b>Liquidity Management</b>			
	Outbound Information Management		
	NCB Business Procedures		
X	Liquidity Operations		
<b>T2S Interface</b> (as of June 2022 without Static Data Management, Communication for SDMG, Scheduler, Billing)		<b>Eurosystem Single Market Infrastructure Gateway</b> (from R6.0 June 2022)	
	Communication		Communication
	Outbound Processing		Outbound Processing
	Inbound Processing		Inbound Processing
<b>Static Data Management</b> (until June 2022)		<b>Common Reference Data Management</b> (from R6.0 June 2022)	
	Party data management		Party data management
	Securities data management		Securities data management
	Cash account data management	X	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	
	Statistical information (until June 2022)		Short term statistical information
	Legal archiving (until June 2022)		Legal archiving (from R6.0)
		X	Data Warehouse (from R6.0)
Information (until June 2022 containing reference data)		CRDM business interface (from 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 R6.0)
	Scheduling (until June 2022)		Business Day Management (from R6.0)
			Business Day Management business interface (from R6.0)
	Billing (until June 2022)		Billing (from R6.0)
			Billing business interface (from R6.0)
	Operational Monitoring		Operational and Business Monitoring
	MOP Contingency Templates		

Impact on major documentation		
Document	Chapter	Change
Impacted GFS chapter		
Impacted UDFS chapter	<p><b>SETT:</b> 1.6.1.8.4. Provision check process – generation of liquidity transfer for cash rebalancing</p> <p>4.1 Index of business rules and error codes</p> <p><b>CRDM:</b> 3.1.1.1. ModifyStandingOrder (camt.024) 3.1.1.1.1 Overview and scope of the message 5.1 Business rules</p>	<p><b>SETT:</b> Row 10 - Add line to table; Conditions: Existence of a minimum threshold for a predefined standing order for rebalancing Rules: The amount of the liquidity transfer is equal to or above the minimum threshold</p> <p>Modify description and error text of business rule SXAA020 in order to include the case of minimum threshold</p> <p><b>CRDM:</b> Introduction of business rule DCU4094.</p>
Additional deliveries for Message Specification (UDFS, MyStandards, MOP contingency templates)	<p><b>CRDM:</b> ModifyStandingOrder (camt.024)</p>	<p><b>CRDM:</b> Introduction of business rule DCU4094</p>
UHB	<p><b>CRDM:</b> 2.3.2.9 Standing/Predefined Liquidity Transfer Order – Details Screen 2.3.2.10 Standing/Predefined Liquidity Transfer Order – New/Edit Screen 4.3.2.77 Standing/Predefined Liquidity Transfer Order – New/Edit Screen</p>	<p><b>CRDM:</b> Introduction of new field Minimum Threshold Amount and additional screen validations for Amount field.</p> <p>Introduction of business rules DCC4094 and DCU4094</p>
External training		

materials				
Other impacted documentation (FA Sch. 05, FA Sch. 07)				
Impacted GDPR message/ screen fields			No impact identified	
Other documentations				
Links with other requests				
Links	Reference		Title	
<b>OVERVIEW OF THE IMPACT OF THE REQUEST ON THE T2S SYSTEM AND ON THE PROJECT</b>				
<b>Summary of functional, development, infrastructure and migration impacts</b>				
<p>Introduction of the new field Minimum Threshold Amount for CRDM Standing/Predefined Liquidity Transfer Order. This amount can be inserted only when DedicatedAmount/All cash is set to Yes and when Amount is not used (set to 0).</p> <p>For all cash and dedicated amount Liquidity Transfers the threshold value attribute, which will be retrieved from CRDM, will be added to the appropriate internal flows.</p> <p>The new field Minimum Threshold Amount for CRDM Standing/Predefined Liquidity Transfer Order will be present in the Logical Data Model and DWH.</p> <p><b>Main Cost Drivers:</b></p> <ul style="list-style-type: none"> <li>- Amendment of the interfaces and flows in and between SETT, LQMG and CRDM to manage the new data. Update the SETT interfaces and software: for CARL, adaptation of the CRDM access to retrieve and handle the minimum threshold. Implementation of new sub-function in charge to propagate the threshold amount to the all NTS algorithms.</li> <li>- Introduction of the new field Minimum Threshold Amount for CRDM Standing/Predefined Liquidity Transfer Order. Change of the LTO data model (table, views), change of ModifyStandingOrder (camt.024) flow for CRDM A2A, introduction of business rule DCU4094, change of functions for CRDM BE, change of functions for CRDM GUI (Standing/Predefined Liquidity Transfer Order – Details Screen/ New Screen/ Edit Screen).</li> <li>- Add new field Minimum Threshold Amount for CRDM Standing/Predefined Liquidity Transfer Order to the DWH Logical data model.</li> <li>- Adaptation of the testing tools and perform non-/regression tests on the updated flows. Tests of the two use cases using the set-up of the new implemented threshold (at the threshold, under and above threshold) will be performed: <ul style="list-style-type: none"> <li>o Use case 1 : « All cash » liquidity transfers (EUR and DKK) including cash sweep.</li> <li>o Use case 2 : SETT-generated liquidity transfers:</li> </ul> </li> <li>- Specific Regression tests RMIC, rebalancing, liquidity transfers.</li> </ul>				
<b>Impact on other TARGET Services and projects</b>				
No impact on other Eurosystem Services or Projects has been identified during DA (ECMS, TIPS, T2)				
<b>Summary of project risk</b>				
No risks have been identified during DA.				
<b>Security analysis</b>				
No adverse effect has been identified during security assessment.				

DG - MARKET INFRASTRUCTURE &amp; PAYMENTS

ECB PUBLIC



15 JUNE 2023

## COST ASSESSMENT ON CHANGE REQUESTS

<b>T2S-679-SYS – Implementation of thresholds in outbound liquidity transfer orders</b>			
One-off	Assessment costs*		
	- Preliminary	2,000.00	Euro
	- Detailed	10,000.00	Euro
One-off	Development costs	624,366.13	Euro
Annual	Operational costs		
	- Maintenance costs	60,579.62	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).