



EUROPEAN CENTRAL BANK

EUROSYSTEM

T2S CHANGE REQUEST		
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: Eurosystem	Institute: 4CB	Date raised: 28/11/2024
Request title: T2S should process settlement instructions with ISD in the future outside the Start of Day period.		Request No.: T2S 0844 SYS
Request type: Common	Classification: Scope Enhancement	Urgency: Normal
1. Legal/business importance parameter:		2. Market implementation efforts parameter:
3. Operational/Technical risk parameter:		4. Financial impact parameter: (provided by 4CB) ¹
Requestor Category: 4CB		Status: Registered

Reason for change and expected benefits/business motivation:

Start Of Day (SoD) period is a critical phase where T2S platform processes a number of highly consuming tasks to be performed in less than two hours, including:

- Revalidation of pending transactions (on average, 650,000 transactions, including 110,000 with Intended Settlement Date (ISD) higher than Current Business Day (CBD), i.e., D+N transactions).
- Receipt and validation of new instructions (CORP,..) (on average, 82 000 transactions, including 26,000 D+N transactions).

This change request was proposed in the context of the T2S Strategic Evolution initiative (Proposal 1.18) and aims to reduce the pressure on the platform during SoD period and especially to reduce CPU consumption and avoid risks of a delay.

During SoD period, there are two main events that run in parallel, with the following scope:

- Start of Day Communication to Settlement (SCST). This process aims to process:
 - A. all Settlement Instructions and Settlement Restrictions that have not yet reached their ISD and therefore are not eligible for settlement, i.e., those with ISD > CBD.
 - B. all Settlement Instructions and Settlement Restrictions that have reached their ISD, and, therefore, are eligible for settlement, i.e., those with ISD = CBD.
- Start of Day Revalidation of Recycled Settlement Instructions (SODR). This process aims to revalidate:
 - C. all Settlement Instructions and Settlement Restrictions that failed to settle the previous day(s) on their ISD, and, therefore, are eligible for settlement, i.e., those with ISD < CBD.
 - D. The potential applicable realignment chain and/or a conditional settlement against all revalidated Settlement Instructions (this complex type of revalidation leads to high CPU consumption)

This process starts immediately after the change of the business date and must finish before the NTS starts since there is a precedent link. This is needed to make sure that only those transactions that are still valid can go through a settlement attempt.

The process consists in:

- performing again the Business Validation,
- cancel all the instructions identified as invalid, and
- inform the T2S Actor accordingly.

Due to the fact that the parallel running of SCST and SODR implies a high use of CPU capacity and that the revalidation of transaction with a future ISD can be processed outside the SoD because they are not eligible for settlement in the next NTS, this change request aims to reorganize the SoD period in order to:

- decrease the CPU consumption, and

¹ Low < 100kEUR < Low-Medium < 200 kEUR < Medium < 400kEUR < High < 700kEUR < Very high

T2S

Change Request: T2S-0844-SYS

- avoid reaching a CPU PEAK at this critical period.

The impact on user side would be that, if following revalidation, a previously valid instruction with future value date becomes invalid, the participant will be informed at a later point in time after the SoD period when this process will be scheduled. An example of the impact on the user side would be as follows:

- i. Realignment Chain recalculation:
A transaction matches and is validated in the system on Business Day (BD) = D, with ISD = D+10. This transaction also covers a realignment instruction in the Delivering CSD and another one in the Receiving CSD. On BD= D+1, during SoD, this transaction is revalidated and cancelled because there was a change in the realignment path (E.g., due to change of technical issuer CSD). When this change is implemented, this notification will be deferred and sent to the users at a later point in time during the business day.

Description of requested change:

The change consists in deferring the revalidation process of instructions with a future settlement date (A transactions on previous section) to a suitable less critical period after SoD.

- 1- Give priority to the instructions with the current business day as intended settlement day, i.e., CBD = ISD, including failing instructions recycled from previous days;
- 2- Postpone the revalidation of instructions with a future settlement date to another period in the scheduler (to be defined in the context of the preliminary assessment).

The new revalidation period for instructions with a future ISD will be defined in the context of the Preliminary Assessment. The main following options will be considered:

- At the End of SoD period, before NTS start;
- After NTS start (in parallel);
- After NTS, at the restart of RTS.

There will be an impact on the scheduler to be considered.

Submitted annexes / related documents:

Outcome/Decisions:

*CRG on 8 January 2025: the CRG agreed to launch the preliminary assessment of CR-0844.

Documentation to be updated:

Preliminary assessment:

Detailed assessment:
