

# Client of CSD participant – A T2S market practice

*SMPG*

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## Key actor – Initiator of the settlement instruction

- ❑ While the “Client of CSD participant” market practice is addressed to CSD participants for populating the settlement instruction...
- ❑ ...its successful implementation greatly relies on the initiator of the settlement instruction that first transmits counterparty information

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## An overview of T2S matching fields

- ❑ Client of CSD participant is – in T2S jargon – an “optional matching field”.
- ❑ T2S definition of an “optional matching field”:
  - ❑ “a non-mandatory matching attribute of a settlement instruction, which becomes a mandatory matching criterion when both parties provide a value for the attribute in their settlement instructions”.

The T2S technical design does not mandate how the field “Client of CSD participant” should be completed but...

... **the right content must be filled in** to minimise the risks of matching fails and cross-matching

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## Why a prioritization logic

- ❑ Using T2S optional matching field “Client of CSD participant” involves filling in own client & counterparty’s client information
- ❑ BIC11 is widely used to identify institutional clients, but around 20 national or proprietary codes exist to identify retail clients. This makes it difficult to establish a harmonisation standard at this stage
- ❑ T2S Advisory Group has instead agreed on a **prioritization logic to populate the field** described in the form of a best market practice

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## Formulation of the T2S best market practice

### ***T2S best market practice:***

*When instructing T2S, CSD participants should complete the optional matching field “client of the CSD participant” according to the following **order of priority**, depending on the information available to the CSD participant:*

*1<sup>st</sup>) the BIC11 of the client of the CSD participant, if available*

*2<sup>nd</sup>) the LEI of the client of the CSD participant, if available*

*3<sup>rd</sup>) ANY content including “blank”*

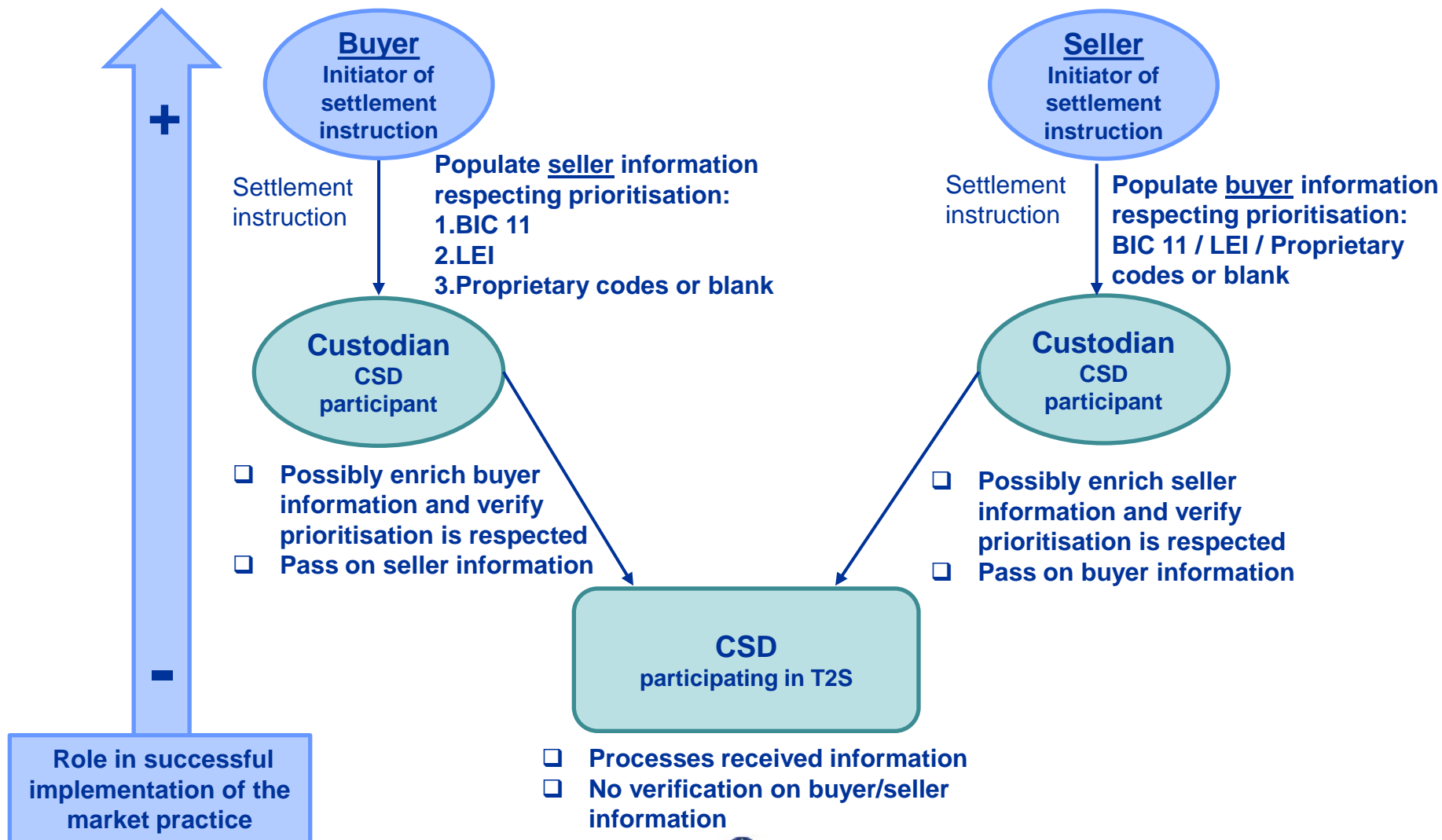
*Clients of CSD participants should respect the same order when filling their own information and their counterparties’ in the settlement instructions transmitted to the CSD participants.*

*In the event that the CSD participant is itself one of the trading parties, it should use its own BIC11 in the field “client of the CSD participant” to identify itself.*









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## Client information flow through the settlement chain



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## How different identifiers affect matching – a few examples

	SI 1 (DELI)	SI 2 (RECE)	Successful Matching?	Cross-matching risk minimised?
Client of CSD Participant	DlvrPty2: National code A RcvPty2: National code B	RcvPty2: National code B DlvrPty2: National code B		
	DlvrPty2: Blank RcvPty2: BIC11	RcvPty2: Blank DlvrPty2: BIC11		
	DlvrPty2: BIC11 RcvPty2: LEI	RcvPty2: LEI DlvrPty2: BIC11		Optimum 

**Populating own client and counterparty information according to the prioritisation logic set out in the best market practice maximises chances of successful matching while reducing cross-matching risk**

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## Where is detailed information to be found?

***The T2S best market practice is explained in more detail [here](#), on the T2S Harmonisation/Activities webpage, under “Best Market Practices”***



Thank you for your attention

[www.t2s.eu](http://www.t2s.eu)