



Reporting of pending failing (PENF) status in T2S

SMPG meeting on 22 September 2016, Zurich

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Introduction

CSDR requires reporting of PENF status

- The T2S CSD Steering Group Task Force on the Central Securities Depository Regulation (CSDR-TF) is responsible for identifying the necessary T2S changes stemming from the CSDR requirements
- The CSDR-TF has identified that the CSDR requires CSDs to be able to distinguish between:
 - Pending settlement instructions, for which settlement at the ISD is still possible – reported with status PEND
 - Failing settlement instructions, for which settlement at the ISD is no longer possible at the end of the day- reported with status PENF
- Currently, T2S does not differentiate between PEND and PENF. All settlement statuses are provided in the PEND section of the related ISO20022 messages
- To address the requirement, the CSDR-TF has raised T2S-0609-SYS: T2S must be able to report 'PENF' settlement status for settlement instructions for which settlement at the Intended Settlement Date (ISD) is no longer possible
- The T2S CR requests to report PENF for settlement instructions, intra-position movements and intra-balance movements

- The ISO definition provides guidance as to when to consider a pending transaction as failing: *“A pending transaction (PEND) becomes a failing transaction (PENF) on the settlement date instructed in the message, during the end of day reporting.”*
- The change of status shall immediately trigger the generation of status advice messages by T2S ('sese.024', 'semt.014' and 'camt.067') to report that the instructions are no longer considered as pending, but failing
- For Free of Payment (FoP) transaction, the change from PENF to PEND is expected to be applied always at T2S end-of-day, 18:00.
In exceptional situations, e.g. delay in the T2S settlement day schedule, the change might be applied later than 18:00
- For DvP transactions, the T2S cut-off time is 16:00.

At what time T2S shall report PENF, 16:00 or 18:00?



Current assumption – to be confirmed by SMPG

SMPG is asked to confirm the following timing-related assumptions about change of pending status on ISD, including reporting of PENF:

- Regular DvP transactions:
Report PENF at T2S DvP cut-off (16:00)
- DvP transactions flagged as Bilaterally Agreed Treasury Management (BATM), unilateral flagging sufficient:
Report PENF at T2S BATM cut-off (17:40)
- FoP transactions:
Report PENF at T2S FoP cut-off (18:00)
- All times are indicative and subject to potential delays in the T2S settlement day schedule