

CBF Release Information: T2-T2S consolidation project

Foreword

Clearstream Banking AG, Frankfurt¹ informs customers about the content of the release of the T2-T2S consolidation project of CBF. This release serves as a preparation for the T2-T2S consolidation of the Eurosystem and will deliver updates to the existing CBF functionality.

The implementation for the enhancements to the CBF scope will be effective

Monday, 23 November 2020

1. Introduction

The T2-T2S consolidation project of the Eurosystem will align the TARGET2 and TARGET2-Securities (T2S) services and optimise the related processes. This will provide an effective facility for the provision of liquidity to existing and future Eurosystem payment and settlement services. Based on the information of the ECB the project will be implemented adopting a “big-bang approach”, that is, simultaneous discontinuation of the current TARGET2 Single Shared Platform, and the go-live implementation of the future T2 services.

Implementation approach

The introduction of CBF’s functional scope items for the T2-T2S consolidation project is based on the following approach:

- CBF plans an implementation that is almost independent of the T2-T2S consolidation project of the Eurosystem.
- CBF’s strategic approach is to migrate all current Central Bank Money (CeBM) services using the Ancillary Systems (AS) interface in TARGET2 to a T2S service by means of Payment Free of Delivery (PFoD) instructions. As all CeBM cash flows will be migrated out of TARGET2 ASI procedures latest by the T2-T2S consolidation project of the Eurosystem, CBF will cease to be an Ancillary System post consolidation.
- CBF’s implementation is a staggered approach consisting of intermediate releases, that will go live before the Eurosystem’s T2-T2S consolidation project implementation.

CBF’s implementation for the T2-T2S consolidation project starts with the release in November 2020.

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2. Scope of the T2-T2S consolidation project in CBF

2.1 ASI-P3 cash settlements via DD cycles

Since CBF's migration to T2S, some processes still continue to settle in CeBM on cash accounts in TARGET2 via Direct Debit (DD) cycles. As a preparation for the consolidation of the platforms TARGET2 and T2S by the Eurosystem, cash settlement in these processes is migrated to settlement via PFoD instructions in T2S. Therefore, customers will need a cash account for T2S. The default T2S DCA (Dedicated Cash Account of the CBF main account XXXX 000), as specified by customers in account static data with CBF as cash account for securities settlement, will be used. Customers are requested to fund their T2S DCAs accordingly. The following processes are affected by this migration and will settle as PFoD instructions:

- **Cash collateral**
Increase and decrease of collateral continues to be booked with booking text key "079 - debit miscellaneous" and "080 - credit miscellaneous".
- **Broker commissions and price differences from securities settlement from BrainTrade and Börse Stuttgart**
The setup of the broker commissions and price differences or the relation to the underlying exchange trades is not relevant from cash settlement point of view. Affected booking text keys continue to be "044 - price diff. Set. Depository", "045 - brokerage invs. Depository", "055 - brokerage invs." and "059 - price diff.".
- **Settlement for CBF fees**
Fees for CBF continue to be booked with booking text key "076 - fees".
- **Settlement for XONTRO fees**
Fees for XONTRO continue to be booked with booking text key "078 - DBS s.e. fees".

After the launch of the release in November 2020 the following processes will remain in related DD cycles for settlement:

- Corporate actions that are not migrated to T2S by the project "Future German Model on Corporate Action Cash Payments in T2S" in June 2020.
- Settlement of the cash side of stock exchange business with securities in individual safe custody (Streifband; STR) and non-collective safe custody (Wertpapierrechnung; WPR).

These processes will be managed at a later point in time. Further information will follow in due course.

Description of the changes

The new PFoD instructions that will be generated after the migration are sent to T2S for settlement with the following values:

Field	Value	Description
ISIN	DE000CBFCSH9	For the settlement of the PFoD instructions a special ISIN will be used. As PFoD instructions settle against quantity "0", no security balance in this ISIN will appear in the CBF books.
DCA	Empty	The cash leg will be settled via the default T2S DCA as specified in CBF.
Match Status	N/A	The instructions will be created with the flag "already matched".
T2S Actor BIC	DAKVDEFFXXX or DAKVDEFFOPS	PFoD instructions in this ISIN will be created by CBF only. The instructions will be created by the system with the technical sender BIC DAKVDEFFXXX, for manual instructions with the BIC DAKVDEFFOPS.

Field	Value	Description
T2S Actor Ref	System value	The T2S Actor Ref will contain the OneClearstream-ID. For fees of CBF or XONTRO the invoice number will be used, which is currently provided in the daily cash statement as "REFERENZ".
Common ID	System value	The Common ID is a 13-digit value composed of: <ul style="list-style-type: none"> Digit 1-5: "NKAD-" for non-KADI payments or "KADI-" for KADI payments, Digit 6-10: "FEES-" for fees of CBF and XONTRO, "XTRO-" for price differences and broker commissions from XONTRO, "XITA-" for price differences and broker commissions from Xitaro or "MANU-" for manual, Digit 11-13: CBF booking text key for cash.

Different from today's processing for the DD cycles, these PFoD instructions are created individually and will not be netted by CBF. CBF will create the instructions with the T2S flag "no modification allowed" and with the flag "no partial settlement" (NPAR). The instructions for price differences and broker commissions will be settled each as separate pools in T2S.

The pending and settled PFoD instructions from the above-mentioned processes are part of the regular settlement reporting of CBF and T2S, as described in the following section 2.2 Impacts on settlement reporting.

If customers hold liquidity with CBF, a movement in ISIN XF0000000046 is generated from the new PFoD instructions. The balance for this ISIN will be available via CASCADE transaction KVBA ("Depotbestandsanzeige") with function code "BB" ("Depotbuchbestand Bank") as today. In future, details can be also shown for the position for ISIN XF0000000046 in the same way as for positions of other ISINs. Details will be available online for the past 288 days as for other ISINs.

Further details on the display of these bookings are also described in the following section 2.2 Impacts on settlement reporting.

The currently known schedule from the DD cycles will no longer be relevant. System generated PFoD instructions will be settled in the T2S Operational Day. CBF will send the instructions for the T2S Night-time Settlement (Cycle 1, 2 and RTS) and customers are asked to provide the liquidity.

The following table shows current and future settlement cycles:

Process	Current settlement cycle	Future settlement cycle
Cash collateral	DD1/DD2/DD3	T2S RTS (daytime settlement)
Broker commissions and price differences	DD1	T2S NTS (night-time settlement) Cycle 2 or T2S RTS
CBF and XONTRO fees	DD1	T2S NTS (night-time settlement), Cycle 1

Potential customer impact

Credits and debits from the mentioned processes that took place on the customers' RTGS accounts so far will be settled in future on the customers' T2S DCAs. This requires the availability of a T2S DCA for the CBF main account with sufficient liquidity for the settlement of CeBM for the above-mentioned processes.

If customers use a third party on their behalf for the cash settlement in the affected processes, the third party must have a T2S DCA with sufficient liquidity.

CBF customers currently using a CBF main account without a T2S DCA will be contacted in due course.

2.2 Impacts on settlement reporting

The PFoD instructions as described in the previous section are part of the regular CBF settlement reporting. The instructions are available via CASCADE Online functionality (HOST / PC) and also in SWIFT message formats MT537 (OTC Statement of Pending Transactions) and MT536 (Statement of Transactions) for pending and settled securities instructions as well as in MT942 (Interim Transaction Report) and MT950 (Statement Message) for the reporting of the cash side.

There is no impact from the project T2-T2S consolidation on LION reporting, for example MT537 (SE Statement of Pending Transactions).

The known SWIFT message formats MT545 (Receive Against Payment Confirmation), MT547 (Deliver Against Payment Confirmation) and MT548 (Settlement Status and Processing Advice) will be generated for the described PFoD instructions as usual.

In addition, the new PFoD instructions will be also available via Clearstream's Xact Web Portal and will be considered in the SWIFT message format MT940 (T2S Dedicated Cash Account Statement).

The PFoD instructions will be considered in the regular T2S Settlement Reporting and are also available via T2S GUI for customers acting in DCP-mode.

Description of the changes

Via CASCADE Online HOST the following display functionalities are available for the new PFoD instructions:

- Pending PFoD instructions can be enquired via transaction "KVAI" with function code "AA" ("Information zum Auftragsstatus") with the special ISIN DE000CBFCSH9 as filter criterion.
- Settled PFoD instructions can be enquired online via transaction "KVDU" with function code "ID" ("Depotumsätze"). Here, the instructions from the processes as described in the previous section can be selected by filtering on the special ISIN DE000CBFCSH9 as well.
- In addition, the transaction "KVDU" with function code "IN" ("PFoD-Umsätze KADI und CBF Geldverrechnung"), currently available for so-called KADI PFoD instructions only, will be renamed and enhanced. Further information is provided in section 2.1 ASI-P3 cash settlements via DD cycles. With a filter on the ISIN DE000CBFCSH9 and for example a specific booking text key in field "Buch-Txt-Geld" a search can be further refined. An overview on booking text keys is available in CASCADE Handbuch Band 2.

The CASCADE transaction "KVDU" with a new function code "IC" ("Interne Geldumsätze") will be offered for the detailed information on internal bookings.

The selection screen for the new transaction has following layout:

```

TRAN: KVDU FC: IC SB:

INTERNE GELDUMSÄTZE  I N F O R M A T I O N

BANK/ KONTO          : 1234 567
SOLL/ HABEN (S/H)    : _

GELDVERRECHNUNG     : 10.03.2020 ( BIS:          )

BETRAG               :                               EUR
BUCHUNGSTEXT GELD   :
VALUTA               : _____
PFOD DELI MITI      :
EINGEBER            :

KADI-ISIN           :

-- ID-KZ: 1234000123 -- PW:          ----- B123450I -- 10/03/20 -- 17:47:53 --
PF3:Rücksprung  PF4:Abbruch

```

Field	Description
Bank/ Konto	Account Master or Account number of cash accounts
SOLL/ HABEN	Debit/ Credit Indicator
GELDVERRECHNUNG	Cash Settlement Day
Betrag (EUR)	Cash Amount
BUCHUNGSTEXT GELD	Booking Text Key Cash
VALUTA	Value Day
PFOD DELI MITI	MITI reference of underlying PFoD instruction that triggered the internal cash instruction
EINGEBER	Instructing Party (4 digit numeric)
KADI-ISIN	ISIN of the underlying KADI event

All movements that have been enquired with the screen above are presented in the following list view:

```

TRAN: KVDU FC: IC SB: 1234567##10.03.2020#10.03.2020#####

INTERNE GELDUMSAETZE / I N F O R M A T I O N                               Seite    1
ANZ. AUFTRÄGE:         4                               6 GELDVERRECHNUNG:   10.03.2020
                        7.132,28 S                       128.404,89 H SALDO :   121.272,61 H

S GELDVERR.   BtG  KONTO                BETRAG IN EUR S/H
-----
 10.03.2020  079  1111 000                553,16  S
- 10.03.2020  080  2222 000               48.754,78  H
 10.03.2020  080  2222 000                6.251,56  H
 10.03.2020  079  2222 000                2.384,60  S
- 10.03.2020  080  2222 000                2.215,75  H
 10.03.2020  080  2222 000                2.200,08  H
 10.03.2020  079  2222 000                 0,08  S
- 10.03.2020  400  3333 000               49.008,20  H
 10.03.2020  080  3333 000               19.974,52  H
 10.03.2020  079  3333 000                4.194,44  S

-- ID-KZ: 1234000123 -- PW:          ----- B123450I -- 10/03/20 -- 17:51:20 --
PF3:Rücksprung  PF4:Abbruch

```

Field	Description
ANZ. AUFTRÄGE	Amount of Instructions
VALUTA	Value Day
SALDO	Balance
S	Selection field

When selecting a movement of the list from above the following detail view shows a cash movement:

```

TRAN: KVDU FC: IC SB: 1234567##10.03.2020#10.03.2020#####

DETAIL GELDUMSATZ / I N F O R M A T I O N

GELDVERRECHNUNG   : 10.03.2020, 10:44 UHR

GELDKONTO-SOLL    : 1234 567 XYZ BANK
GELDKONTO-HABEN   : 1111 000 TEST BANK
BETRAG            :                553,16 EUR

BUCHUNGSTEXT GELD : 079 BELASTUNG
TEXT              :
VALUTA           : 10.03.2020
PFOD DELI MITI   :
EINGEBER        : 7907

KADI-ISIN        :
KADI-LAUF        :                CAEV                :
TERMINART        :                CA-OPTION NR        :
BID              :                CA-OPTION KEY        :

-- ID-KZ: 1234000123 -- PW:          ----- B123450I -- 10/03/20 -- 17:53:01 --
PF3:Rücksprung  PF4:Abbruch

```

Field	Description
GELDERRECHNUNG	Timestamp of internal booking
TEXT	Free text (first 60 digits)
KADI-LAUF	KADI run number
TERMINART	KADI Event Type
BID	BID
CAEV	CAEV
CA-OPTION NR	CA-Option Number
CA-OPTION KEY	CA-Option Key

The processes that have been migrated to PFoD instructions will no longer be considered in the reporting for DD cycles. In the CASCADE transaction "KNZI" with function code "ID" ("Detail Instruktionen f. DD-Verarbeitung"), historical data of previous DD cycles will be available for the processes that are affected by the migration for up to two years.

The described enhancements for CASCADE Online HOST will be provided accordingly in CASCADE-PC.

Potential customer impact

Access to the CASCADE transaction "KVDU" with the new function code "IC" must be granted by the security administrator of the customer to their users.

Furthermore, there will be an enhancement in SWIFT message formats MT942 (Interim Transaction Report) and MT950 (Statement Message) for the transmission of the invoice number for fees of CBF and XONTRO. Currently, the invoice number is reported in field 61 "Statement Line" in sub-field 8 „Account Servicing Institution’s Reference“ for both message formats. When fees will be settled as PFoD instructions the invoice number will be reported in subfield 7 "Reference for the Account Owner".

Customers acting in DCP mode who wish to receive copies of the messages related to the new PFoD instructions are asked to validate that they are registered for the technical sender BICs DAKVDEFFXX and DAKVDEFFOPS.

2.3 Impacts on daily cash statement

Description of the changes

With the migration of current cash settlement on RTGS accounts to PFoD instructions on DCAs in T2S, the daily cash statement is affected as well.

The cash payments that will be settled new as PFoD instructions in T2S will not be considered in the daily cash statement. Cash collateral will be an exception when the amount is booked on the customer’s account for collateral (for example, sub-account /560).

In future, there will be no information on settlement cycles in the daily cash statement with this migration. That is, the columns for the settlement cycle run ("LAUF"), the batch numbers ("PN") and the differentiation between system generated and manual movements ("V") will be removed from the report.

Following information will remain in the daily cash statement:

Field	Description
ACCT	{4-digits} account master of the account
KEY	Booking text key
TEXT	Reference
DEBIT	Debit Amount
CREDIT	Credit Amount

The following example shows a future daily cash statement in German language:

ICLEARSTREAM BANKING AG 1234/001 MERGENTHALERALLEE 61 ESCHBORN		GELDTAGESAUZUG REPORT		VERARB.DAT: 2020-01-31	7CL00000001731123401000001
				DATUM: 2020-01-31	
				ZEIT: 18:00	
				REPORT-ID: 7CL00000001731	
				SEITE: 1	
ICLEARSTREAM BANKING AG 1234/001 CBF TEST ACCOUNT GELDTAGESAUZUG (EOD)		NR. 022	VOM 31.01.2020	PER	SEITE : 1
		KTO	TXT REFERENZ		HABEN
ALTER SALDO					0,00
DIVIDENDEN	1234 400			111.111,11	
AUSGL. DD2 1-8	1234 091				111.111,11
BEZ.R.AUSUEB.	1234 701	REPAYMENT EXERCISE	XYZ		2.222,22
UEBER.ZEICH.	1234 702	REPAYMENT OVER	ABC		33.333,33
AUSGL. DD3 1-8	1234 093			35.555,55	
				-----	-----
SUMME UMSAETZE				146.666,66	146.666,66
				-----	-----
NEUER SALDO					0,00
				-----	-----

The daily cash statement is also provided in English. The following example shows a future daily cash statement in English language:

ICLEARSTREAM BANKING AG 1234/001 MERGENTHALERALLEE 61 ESCHBORN		GELDTAGESAUZUG (DAILY CASH MOVEMENT) REPORT		VERARB.DAT: 2020-01-31	7CL00000001731123401000001
				DATUM: 2020-01-31	
				ZEIT: 18:00	
				REPORT-ID: 7CL00000001731	
				SEITE: 1	
ICLEARSTREAM BANKING AG 1234/001 CBF TEST ACCOUNT GELDTAGESAUZUG (DAILY CASH MOVEMENT) (EOD)		NR. 022	OF 31.01.2020	AT	PAGE : 1
		ACCT	KEY	TEXT	CREDIT
OLD BALANCE					0,00
DIVIDENDS	1234 400			111.111,11	
DEB/CRE DD2 1-8	1234 091				111.111,11
RIGHTSEXER.	1234 701	REPAYMENT EXERCISE	XYZ		2.222,22
OVERSUBSCR.	1234 702	REPAYMENT OVER	ABC		33.333,33
DEB/CRE DD3 1-8	1234 093			35.555,55	
				-----	-----
TOT. MOVEMENTS				146.666,66	146.666,66
				-----	-----
NEW BALANCE					0,00
				-----	-----

Delivery time will be changed to 18:00 after end of day in CBF.

Potential customer impact

Customers are advised to consider the changed layout and the later time of the delivery in their operational processes.

2. Customer simulation

Within the CBF customer simulation for the November Release 2020, testing data will be provided for the T2-T2S consolidation project. The simulation will take place in October and November 2020. Details of the simulation will be provided in the Customer Simulation Guideline by end of September 2020.

Customers who would like to participate the guided simulation are asked to register in time. The corresponding form will be provided on Clearstream website.

Further information

For further information about our products and services, please visit our website www.clearstream.com or contact Clearstream Banking Client Services or your Relationship Officer.

The relevant contact details are available on our website under [Contacts & Client Services](#).