# T2S adaptation plan

LCH.Clearnet SA Cash Markets

**25 February 2015 - version 1.1**

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# Abbreviations

| | |
|---|---|
| APMT | Instruction type of T2S iso20022 “Against Payment” used by LCH.SA in the settlement instructions |
| BIF | Buy-In Information File reporting sent by LCH.SA to CMFs |
| CA | Corporate Actions |
| CASG | T2S Corporate Actions Sub Group |
| CET | Central European Time |
| CMF | Clearing Member firm of LCH.SA |
| CBL | Clearstream Banking Luxembourg |
| CNS | Continuous Net Settlement |
| CSDR | CSD regulation |
| DA | Delivery Account: aggregation of positions from the PA’s of the CMF/TMF into one netted position: The Original ISD is kept in the DA, One DA is linked to one SAC in T2S |
| DCA | Dedicated Cash Account in T2S |
| DCP | Directly Connected Party to T2S |
| DEAG | Delivery Agent |
| DVP | Delivery versus Payment |
| DWP | Delivery with Payment |
| EB | Euroclear Bank |
| EBE | Euroclear Belgium |
| EF | Euroclear France |
| ENL | Euroclear Nederlands |
| FoP | Free of Payment |
| HDD | Harmonisation des Dates de Distribution (new CA Markets Standards) |
| HDR | Harmonisation des Dates de Réorganisation (new CA Markets Standards) |
| ICP | Indirectly Connected Party to T2S |
| ISD | Intended Settlement Date: the original ISD is kept in the DA, whilst the ISD of the settlement instruction according to the CNS process receive always the next business settlement day |
| LCH.SA | LCH.Clearnet SA |
| NBB-SSS | National Bank of Belgium - Securities Settlement System |
| Payment Bank/ Paying Agent | The Payment Bank is the entity to which the cash account in T2 belongs; the final sweep from the DCA in T2S will occur on the RTGS account of the payment Bank |
| PFoD | Payment Free of Delivery |
| POA | Power of Attorney |
| PI | Platform Interface managed by Euroclear France to route settlement |

| | |
|---|---|
| | instructions to ESES platform or to Euroclear Bank |
| REAG | Receiver Agent |
| SA | Settlement Agent: entity taking care of the security account open in T2S |
| SAC | Securities Account in T2S |
| SDN | Settlement Date Netting |
| SIF | Settlement Instructions File reporting sent by LCH.SA to CMFs |
| STP | Straight Through Processing: automated process with no intervention of the CMF |
| TDGS | Trade Date Gross Settlement |
| T2S | Target 2 securities |
| TCS | Trade confirmation service |
| TDN | Trade Date Netting |
| TDGS | Trade Date Gross settlement (operating mode for non-guaranteed trades) |
| TLRF | Trade Leg Reconciliation File (private File from LCH.SA) |
| UDFS | User Detailed Functional Specifications |
| VAN | Value Added Network required to access T2S for DCP |

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# 1 Introduction

24 CSDs, among them Euroclear Group (**EBE**, **EF**, **ENL**), **Interbolsa** and **NBB_SSS**, signed in June 2012 the framework agreement to outsource the settlement of securities transactions to the new European Settlement platform **T2S.**

LCH.Clearnet SA (LCH.SA) clears the transactions negotiated on Euronext cash Markets and other trading regulated markets (EQUIDUCT). The settlement of these transactions takes place in the CSD designated by LCH.SA.

In addition, for ESES markets, LCH.SA also allows the settlement in EB in commercial bank money.

This document has the objective to **inform Clearing Members of LCH.SA adaptation to T2S**, and to:

- Highlight the opportunities offered by T2S for an efficient settlement of CCP transactions
- Inform the settlement agent/paying agent who provides custody support to the clearing member.
- Inform trading community around the clearing activity.

This document does not intend to duplicate the various CSD documents that the CSDs issue to their participants' community. It will mainly focus on the adaptation of the settlement of cleared transactions against LCH.SA. However, some overlap of information cannot be avoided. Additional communication tools such as general presentations and meetings will be organised by LCH.SA along with the migration waves.

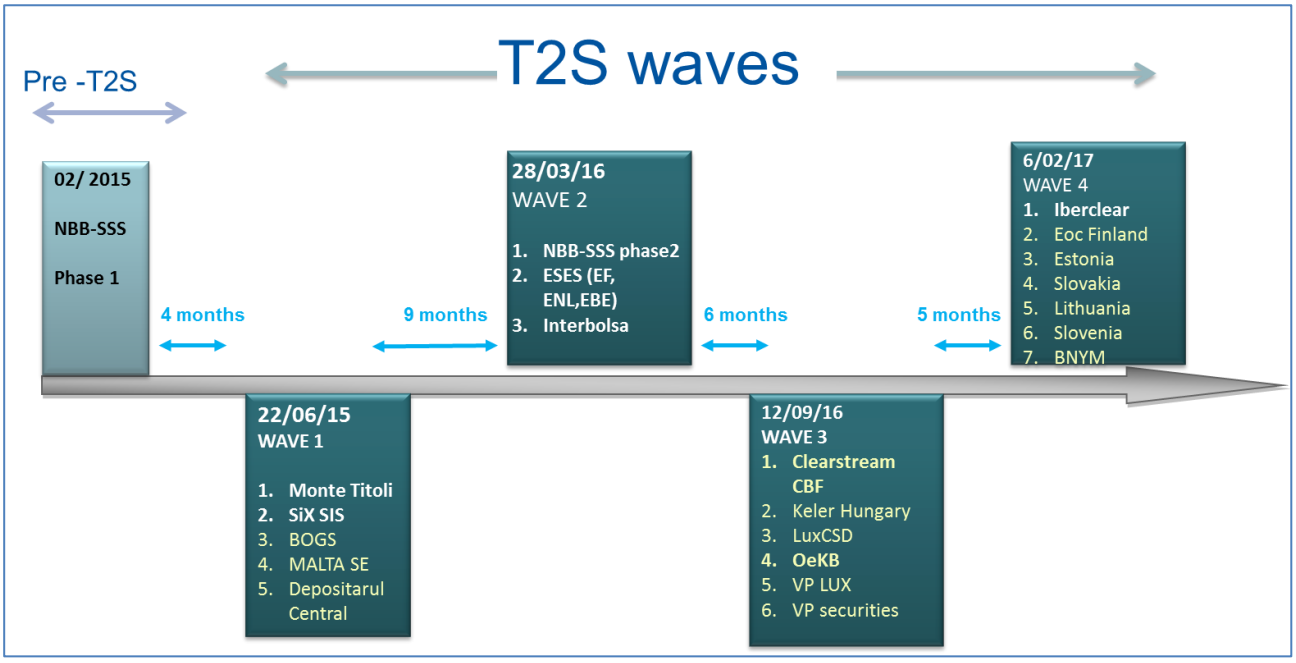
LCH.SA declared its access to T2S as Direct Connected Party (DCP) both for securities and cash management and will use the ISO20022 messaging standards.

LCH.SA will connect as DCP as from the first migration wave and retained SWIFT as Value Added Network (VAN) to connect to T2S engine.

The NBB-SSS changes of February 2015 are considered as a pre-T2S wave ahead of the 4 waves defined by the Eurosystem.

With regards to Cash Markets, LCH.SA activity will be impacted in the second migration wave which is expected to be launched on 28 March 2016.

Hereunder, the overall T2S program for LCH.SA clearing activities related to both cash and bonds/repos markets. In bold LCH.SA as current Directly Connected Party in the CSDs.



# 2 New Concepts and Opportunities Offered by T2S

## 2.1 ICP / DCP

Banks (Clearing Members, Custodians, Payment Banks, CCP) can either connect directly to T2S (Directly Connected Participant (DCP) or rely on the CSDs to which they belong to or another technical T2S access provider as an Indirectly Connected Participant (ICP).

LCH.SA as a leading CCP in relationship with several CSDs in Europe with a strong expertise and added value in post-trade services from Risk Management to Settlement, decided:

- To connect as a DCP to T2S in order to industrialise its connection with T2S.
- To minimize operational risk to access to T2S.
- To allow reduction of post trade clearing / deliveries fees.

## 2.2 ISO 20022

As a DCP, LCH.SA communicates with the T2S platform using the ISO 20022 standard. LCH.SA will fully endorse this new standard. It will be a new opportunity to enhance its reporting related to the settlement activity (SIF, BIF), cf. appendix.

Clearing Members who choose to become DCP can rely on T2S reporting (real time / batch report in ISO 20022 format). Clearing Members who choose to become ICP will rely on their various CSDs to receive settlement instructions in format defined by the CSDs.

Client impact: In any case, message subscription set-ups will have to be defined by Clearing Members with their CSDs.

## 2.3 CSD of “Reference” versus Issuer CSD and Investor CSD,

The concept of CSD of “Reference” known in ESES is no longer relevant inT2S.

T2S standardizes CSDs related concepts: Issuer CSD, Investor CSD, Technical Issuer CSD, External CSD….Please refer to the T2S UDFS for the definition of these concepts.

International CSDs (Euroclear Bank and Clearstream Banking Luxembourg) are not recognized in T2S as CSD. They are outside T2S. Such ICSD can open an omnibus account in one or several CSDs in T2S. In that case they are defined as T2S actors CSD participants.

## 2.4 Intra CSD vs Cross CSD Settlement

**One of the main goals of T2S is to ease cross CSD settlement in Europe and reduce related settlement costs.**

T2S provides the opportunity for each CSD to extend their settlement and custody services to a wider range of eligible ISINs. Therefore, provided that “CSD Links” are built between the investor CSD and the Issuer CSD, each ISIN can be settled in a multiple list of Investor CSDs

T2S would then increase competition across CSDs and bring new opportunities for participants to optimize their operations.

## 2.5 Free choice of CSD

LCH.SA is willing to offer its members the possibility to fully benefit from new T2S opportunities. In that way, LCH.SA is studying how to implement and manage a new offer: the free choice of CSD.

Some **prerequisites** will be required to implement such service:

- The ISIN has to be eligible in one T2S Investor CSD.
- The Investor CSD would allow LCH.SA to send transactions on securities accounts where LCH.SA does not necessarily have a security account. PoA have to be recognized by the CSD where LCH.SA has no security account (no contractual relationship with this CSD).
- The Investor CSD has confirmed it has not identified technical constraints (MSRT) to allow an efficient settlement and realignment with the chain of CSDs.
- The Investor CSD has confirmed that Corporate Actions are managed in line with the Standards (CAJWG & CASG) and the Issuer CSD.
- LCH.SA has assessed impacts related to operational risks and its consequences on controls and operational procedures. Also, LCH.SA has to handle cross CSD settlement.
- Procedures to manage Settlement Agent/Paying Agent insolvency are consistent among T2S CSDs in a cross-border context. The ECB has created a dedicated "*T2S task force on insolvency procedure"* with that objective.

In order to mitigate T2S migration risks, this new offer will be implemented post wave 2 / wave 3 migration on a case-by-case basis. If Clearing Members confirm their interest in such an offer, bilateral discussion will be set up to manage the changes.

List of LCH.SA **authorized CSDs** at the launch of wave 2 for settlements in Central Bank Money:

| One ISIN traded on (Euronext markets and other cash trading venues)… | … and issued in CSDs… | … is today settled in CSDs… | … will as start of wave 2 be settled in the CSDs authorized by LCH.SA: |
|---|---|---|---|
| **Paris/Brussels/Amsterdam** | EF | EF as CSD of reference | EF |
| **Paris/Brussels/Amsterdam** | ENL | ENL as CSD of reference | ENL |
| **Paris/Brussels/Amsterdam** | EBE | EBE as CSD of reference | EBE |
| **Brussels corporate / government bonds** | NBB_SSS | NBB_SSS | NBB_SSS |
| **Paris/Brussels/Amsterdam** | Non ESES issued | EF or EBE or ENL (CSD of reference) | EF [1] |
| **Lisbon** | Interbolsa | Interbolsa | Interbolsa |
| **Lisbon** | Non issued in Interbolsa (CBF, EB, CBL) | Interbolsa | Interbolsa |

For non euro settlements, refer to chapter 7 Settlement of guaranteed transactions outside T2S.

[1] Euroclear decision to be confirmed

## 2.6 ISIN traded on more than one financial market on Euronext and settled in several CSDs

Few ISINs are traded on more than one financial market on Euronext and settled in several CSDs. For example, but not exhaustively: trades on Banco Santander executed on both Portuguese and Dutch markets are settled respectively in Interbolsa and ENL.

At the launch of T2S wave 2, the situation will remain unchanged. Depending on the trading platform, settlement instructions will settle respectively in their “authorised CSD”.

In a later stage, LCH.SA will offer the full netting (one settlement location) irrespective of the trading venue.

For each ISIN/Currency pair, LCH.SA defines a unique settlement platform where a gross trade (for non guaranteed products) or a cleared netted position (for guaranteed products) will be settled. This platform is either T2S or EB, depending on the product (please refer to chapter 5)

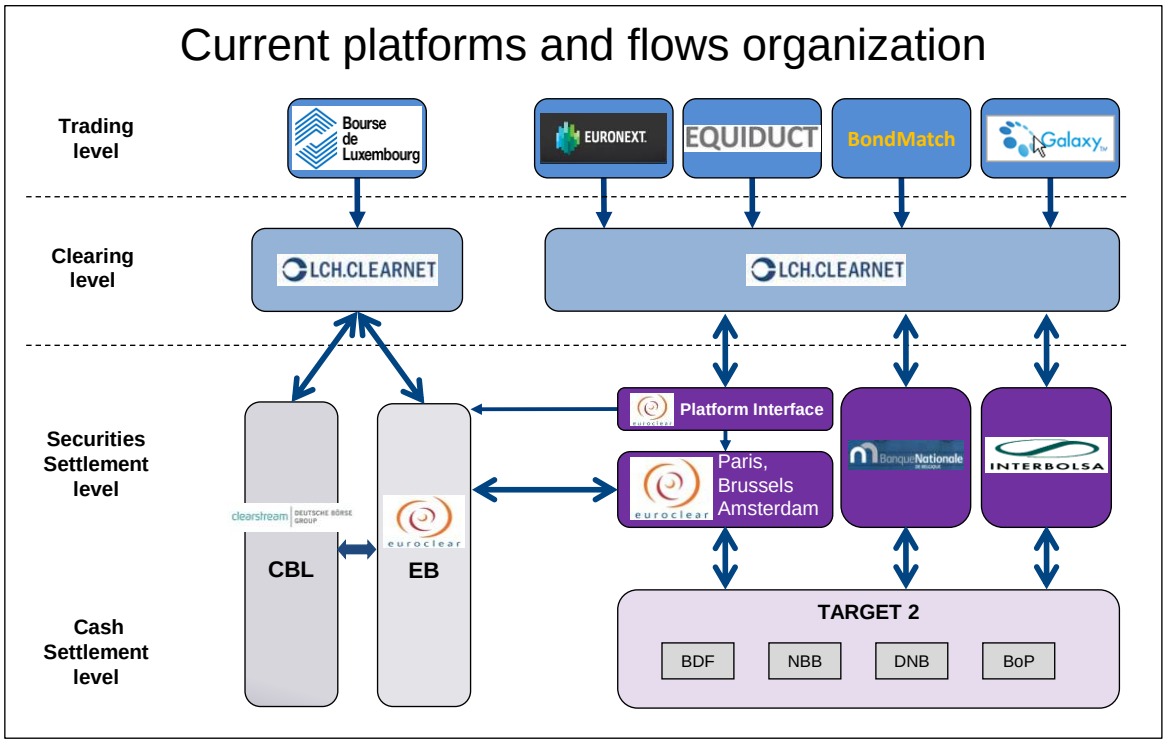
## 2.7 Settlement operating Model

T2S implementation has no impact on the netting model operated by LCH.SA.

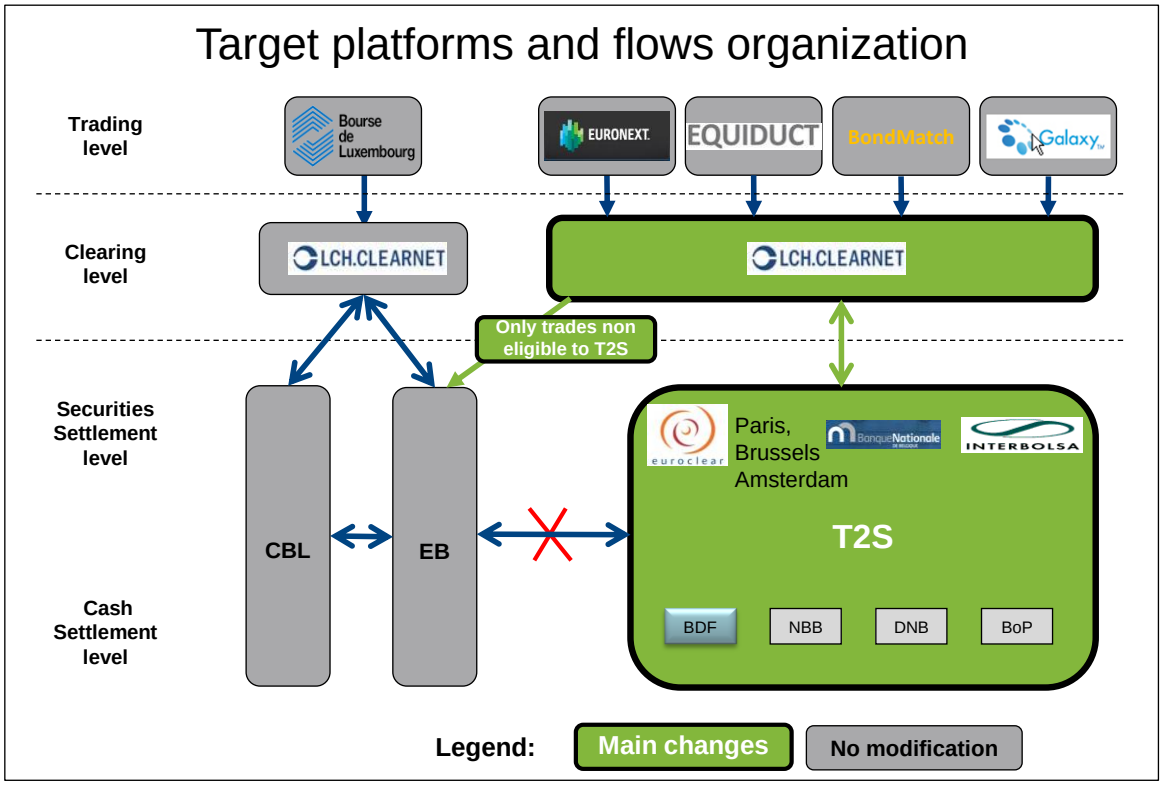
For cash equity business, LCH.SA will continue to operate in Continuous Net Settlement (CNS) model for all markets with the exception of settlement in NBB_SSS, which is running under Settlement Date Netting (SDN) model.

# 3 Impacts Overview

Current platforms and flows for settlement are based on a hybrid model for ESES markets and on a silo model for NBB-SSS and Interbolsa.




T2S impacts settlement-related processes concerning cash equity markets cleared by LCH.SA.



**T2S impacts the following processes**:

- LCH.SA and CMF accounts structure
- Instrument Securities Referential data
- Settlement
- Buy-in, penalties and cash compensation
- Settlement related member reporting (SIF & BIF)
- Corporate Actions on flows

**T2S should not have an impact on the following processes**:

- Trade management and interfaces between Market venues and LCH.SA
- Position management in LCH.SA books
    - CMF account structure organization in LCH.SA books: Position Accounts, Margin Accounts, Delivery Accounts.
    - Nevertheless, CMFs have to review their account structure at both CSD and NCB level..
- Risk management processes (deposit, margin)
- Collateral Management
- Member connectivity to LCH.SA

**Still under analysis**

- Liquidation process (direct participant and/or clearing member bankruptcy)

# 4 Denomination of parties and accounts structure

## 4.1 LCH.SA

As a T2S party, LCH.SA will be DCP after being “certified” by the ECB and “authorized” by Banque de France and the following CSDs:

- EF
- EBE
- ENL
- Interbolsa
- NBB-SSS

LCH.SA will send all instructions as Technical and Business Sender through its VAN provider SWIFT.

### 4.1.1 Target cash account structure

In Banque de France, LCH.SA party will be identified by a combination of two BICs: Banque de France BIC + LCH.SA BIC dedicated to cash management

- **LCH.SA BIC** will be **BACPFRPPTG2**

LCH.SA will have to open one Dedicated Cash Account for its activities dedicated to cash markets.
LCH.SA’s DCA name should be:

- “C”+”BIC of BDF”+”**BACPFRPPTG2LISTEDEQUITY”**

### 4.1.2 Target securities account structure

In each CSD, LCH.SA party will be identified by a combination of two BICs: CSD BIC + LCH.SA BIC dedicated to settlement activities:

- **LCH.SA BIC** will be **BACPFRPPXXX**

LCH.SA will have to open securities accounts in each CSD (EF, EBE, ENL, NBB-SSS, Interbolsa).

For each CSD, LCH.SA will segregate its Securities Account (SAC) structure with a “standard account” and a “buy-in account”.

For its activity in EF, LCH.SA is using “Nature De Compte” (NDC) 000 and 010. As NDC does not exist in T2S, EF opted for segregated securities account in T2S. Therefore LCH.SA will have to segregate its account structure in EF:

- Standard account 000 and Standard account 010
- Buy-in account 000 and Buy-in account 010

The various securities accounts opened in the CSDs will be adapted and will follow the new T2S coding standard:

- Char 1 - 4 the first 4 characters of the BIC of the CSD
- Char 5 - 15 BIC of the account owner (LCH.SA: BACPFRPPXXX)
- Char 16 - 35 current CSD account number + free text possible

LCH.SA will complete the table below in the following versions of this document.

| CSD | Standard account | Buy in account |
|---|---|---|
| **EF bearer** | SICVBACPFRPPXXX000L1000000000599 | SICVBACPFRPPXXX000L1000000000598 |
| **EF registered** | SICVBACPFRPPXXX010L1000000000599 | SICVBACPFRPPXXX001L1000000000598 |
| **ENL** | NECIBACPFRPPXXX000L1000000000599 | NECIBACPFRPPXXX000L1000000000598 |
| **EBE** | CIKBBACPFRPPXXX000L1000000000599 | CIKBBACPFRPPXXX000L1000000000598 |
| **Interbolsa** | | |
| **NBB SSS** | | |

| ICSD | Standard account | Buy in account |
|---|---|---|
| **EB** | **Unchanged:** 000000013404 | **Unchanged:** 000000013406 |
| **CBL** | **Unchanged:** 000000013404 | **Unchanged:** 000000013406 |

## 4.2 Clearing Member Firms Delivery Accounts principles

The DA is a proprietary account belonging to the CMF in LCH.SA's books.

The Security Account (SAC) and the Cash Account (DCA) belong respectively to the Settlement Agent (SA) and paying agent who can be the same legal entity as the CMF or third parties to whom the CMF outsources the settlement process.

The DA contains all the addresses (BIC, SAC, DCA) and attributes (instructions to be sent on "Hold" or "Released") LCH.SA needs to send the settlement instructions on behalf of the CMF.

Up to 3 levels of information are foreseen in the DA and will be used in the settlement instruction:

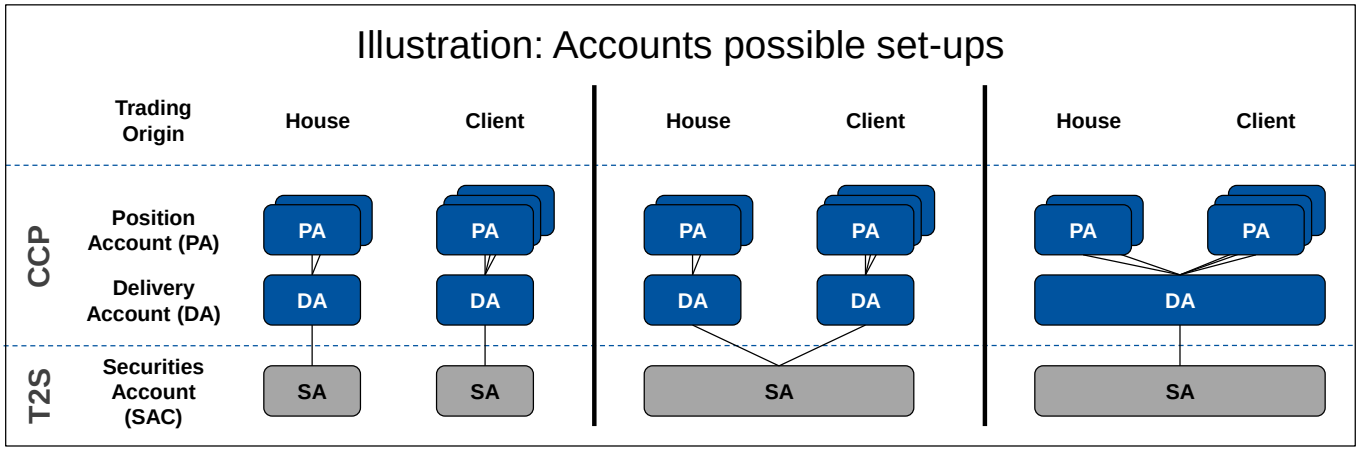
Party 1: (mandatory) owner of the account in T2S

Party2: (optional): client of party 1

Party 3: (optional) client of party 2

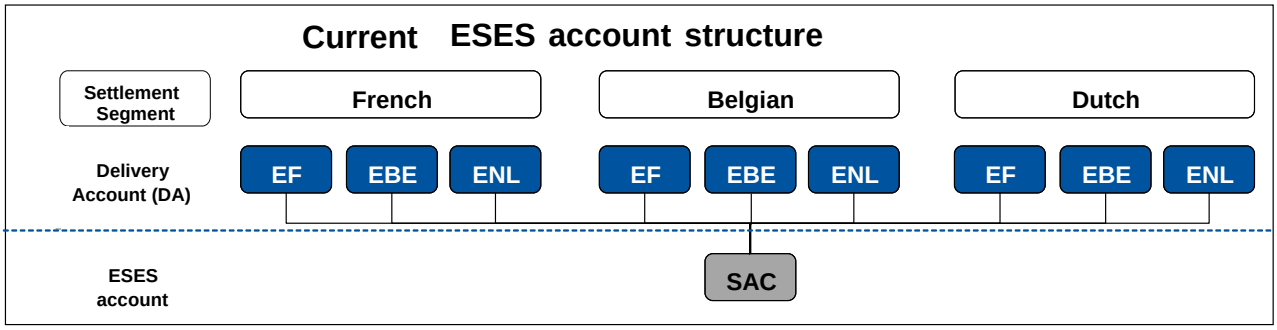
- CMF can use as many DAs as they need
- One DA is only linked to one SAC[2] in T2S via its Settlement and Cash attributes
- Several DAs could be linked to the same SAC in T2S

[2] With the exception of EF with 2 SACs ("nature de compte" 000 and 010) for one DA



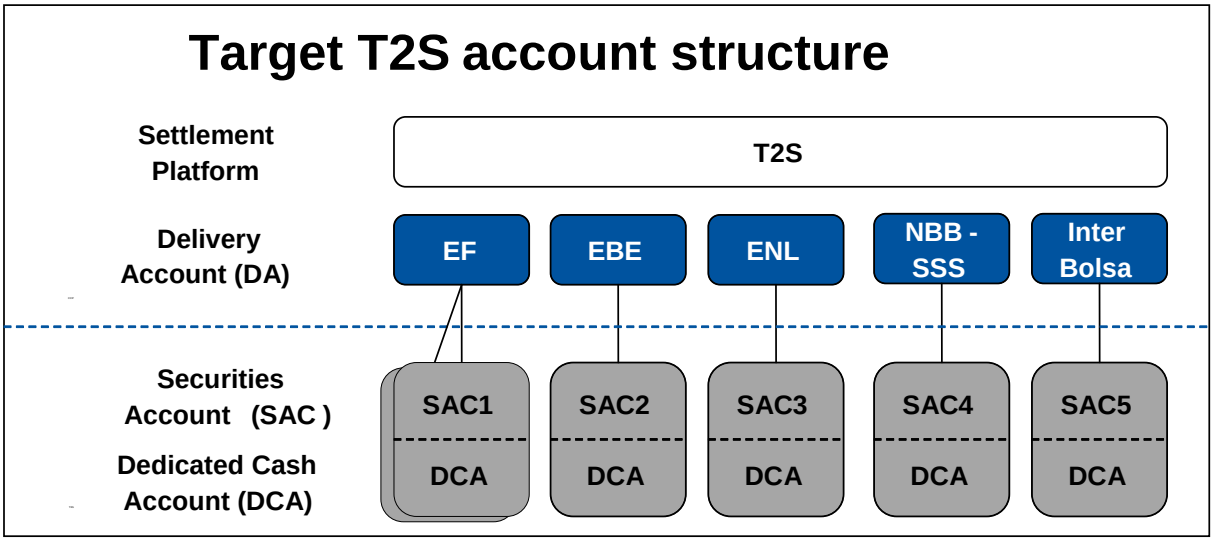

Since a DA is linked to a unique SAC, LCH.SA and Clearing Members' target account structure in T2S have a direct impact on the current DA structure.

**LCH.SA will let the settlement segment concept go. As a result, the current high number of DAs for the 3 ESES markets (minimum 9) will be reduced to a minimum of 3 (one per CSD).**




Within T2S migration, LCH.SA will simplify the client's account structure principles:

- A settlement platform T2S with at least 1 SAC / CSD
- A settlement platform EB as ICSD



Due to EF “Nature de Compte” constraints, the CMF will have to open one SAC per “Nature de Compte” and **LCH.SA will link one DA to 2 SACs** (Please refer to chapter 6.7 for more details).

Client impacts:

1. CMF will be requested to rationalize the number of DA

2. LCH.SA and CSDs will define a dedicated process to support and implement CMF account structure modifications. Further information will follow during Q2 2015

# 5 Securities Referential data

LCH.SA and Euronext agree to segregate trades not admitted to clearing services.

This segregation enables LCH.SA to **harmonise processes related to non guaranteed trades** across market segments and therefore provide unified services and reports across LCH.SA markets.

Trades admitted into the clearing services could be settled either into one “authorized” CSD (EF, EBE, ENL, NBB-SSS, Interbolsa) or outside T2S (EB).

LCH.SA classifies securities and/or transactions according to the following rules:

| | Trades admitted into the clearing services | | Not admitted into the clearing services |
|---|---|---|---|
| | **Guaranteed trades** | **Non-guaranteed trades** | |
| **Settlement in T2S** | LCH.SA is the counterparty of the CMF<br>T2S is selected for the ISIN/CUR<br>**Refer to § 6** | The CMF of the buyer and the CMF of the seller of the original trade are face to face;<br>LCH.SA’s role is to route in STP mode the settlement instructions.<br>T2S is selected for the ISIN/CUR<br>**Refer to § 8** | LCH.SA will longer receive trades from Euronext<br>**Refer to § 9** |
| **Settlement outside T2S* (*EB)** | LCH.SA is the counterparty of the CMF<br>EB is selected for the ISIN/CUR<br>**Refer to § 7** | The CMF of the buyer and the CMF of the seller of the original trade are face to face.<br>LCH.SA’s role is to route the settlement instructions in STP mode.<br>EB is selected for the ISIN/CUR<br>**Refer to § 8** | |

# 6 Settlement of guaranteed netted transactions in T2S

| | Trades admitted into the clearing services | | Not admitted into the clearing services |
|---|---|---|---|
| | **Guaranteed trades** | **Non-guaranteed trades** | |
| **Settlement in T2S** | Related to ISIN classified as guaranteed by the CCP<br>LCH.SA is the counterparty of the CMF<br>The ISIN is eligible in T2S and allows cross-CSD settlement.<br>Operating model: Continuous Net Settlement (CNS) or SDN | **Refer to § 8** | **Refer to § 9** |

At the end of every day, LCH.SA prepares the netted settlement instructions after the completion of the CNS / SDN processes and sends them directly to T2S.

LCH.SA will prepare the settlement instructions in ISO 20022 format and will send them to T2S segregated by CSD (one file per CSD).

The timing of sending of instructions should be around 6.30pm / 7pm CET.

The aim is that CCP instructions participate in the first night time batch of T2S (sequence 4) in order to benefit from the top priority and deliver reporting files to CMFs as early as possible.

The reporting of the settlement instructions prepared by LCH.SA will be given through the SIF record 160.

## 6.1 Netted Instructions to settle within the DVP settlement window

A large majority of netting results are DVP/ RVP. However, some strange nets may occur, such as:

- A “Payment free of Delivery” (PFoD) when the clearing member has bought and sold the same quantity of a security but at different prices.
- A “Delivery with payment” DWP or “Receive with payment” RWP when both securities and cash are in the same direction.
- A “Free of payment” FOP when the net obligation is only a quantity of securities with no associated cash. In that case, LCH.SA will send a DVP with cash amount at zero.
- “Zero securities and zero cash”: Since there is neither a security, nor a cash transfer, there will be no settlement instructions to send to T2S.

LCH.SA will handle all kind of netting results and their payment settlement type will always be “Against Payment” (“**APMT**”). This insures that settlement is final at the **end of the DVP cut off of 4pm CET** and not beyond.

Transactions type is summed up in the matrix below:

| Netting result | DVP/RVP | PFOD | FOP | DWP/RWP |
|---|---|---|---|---|
| **From** | LCH.SA | LCH.SA | LCH.SA | LCH.SA |
| **To** | Authorised CSD | Authorised CSD | Authorised CSD | Authorised CSD |
| **Securities movement type** | DELI/RECE | DELI/RECE | DELI/RECE | DELI/RECE |
| **Payment settlement type** | APMT | APMT | APMT | APMT |
| **Delivering party** | LCH.SA or the CMF | LCH.SA or the CMF | LCH.SA or the CMF | LCH.SA or the CMF |
| **Quantity** | X | 0 | X | X |
| **Cash amount** | Y | Y | 0 | Y |
| **Cash direction for the delivering party** | Credit/Debit | Credit/Debit | Credit/Debit | Debit/Credit |

When LCH sends “Already Matched” transactions through a sese023, the security movement type is based on the CCP’s perspective.

## 6.2 Settlement Instruction Characteristics

**At the launch of wave 2**, the CCP security account and its counterpart **securities accounts are expected to remain in the same authorised CSD**:

- The 2 legs of the settlement instructions will be “intra CSD”.
- LCH.SA will therefore use the facilities offered by T2S ISO 20022 as much as possible and use “already matched instructions” unless there are technical constraints preventing their use.

The more important fields follow:

| Field in SESE 023 | Value (s) | Comment |
|---|---|---|
| **Securities transaction type** | TRAD | For all standards instructions included the one linked to a transformation |
| | CLAI | In case of CA on flows related to cash or security distribution |
| **Settlement priority** | Blank | Priority 2 will be set up by each CSD at the level of LCH.SA security account and will apply to all settlement instructions of the CMF against the CCP |
| **Settlement transaction condition** | NOMC | When CNS is used, LCH.SA will specify in the instructions that the CSD has not to generate the market claim or the transformation |
| | Blank | When SDN is used, LCH.SA will not fill in the field and the default action will therefore apply: the CSD will generate the market claim or the transformation if any |
| **Settlement parameter** | Released | When CMF requests “Released” in DA |
| | Hold | When CMF requests “Hold” in its DA, |
| **Trade date** | D+1 | As currently in ESES, the trade date is populated with the same value as the settlement date |

| Field in SESE 023 | Value (s) | Comment |
|---|---|---|
| **ISD** | D+1 | Will receive the next business date: D+1 |
| **CUM/EX indicator** | Not used | This Tag will not be used by LCH as all transactions will not deviate from the rules of the regulated market |
| **Partial settlement indicator** | PARQ | Not modifiable |
| **Party 1 level** | BIC11 + SAC of the counterparty against LCH | Mandatory: the BIC11 will represent the owner of the security account in the CSD which cover the activity of the CMF + the SAC on which the securities will settle: could be the CMF itself or its settlement agent in the CSD |
| **Party 2 level** | | Optional: the BIC 11 or proprietary format of the owner of the security account under the party level1: could be the CMF or a client of the CMF |
| **Party 3 level** | | Optional: the BIC or proprietary format of the owner of the security account under the Party level 2: could be the CMF or the client of the CMF |

Client impacts: Potential impacts are detailed paragraphs 6.3 to 6.7.

## 6.3 Settlement Instruction Priority

LCH.SA as CCP will receive the privilege from the CSDs to settle with the Top priority (level 2) as foreseen by T2S for CCP/stock exchange transactions. The Top priority (level 2) is set up by default in the CCP accounts in T2S.

Consequently, all instructions against the CCP will settle with that Top priority.

Client impacts: None

## 6.4 Hold and Release

**LCH.SA will offer Clearing Members the flexibility to send their own leg on "release" or on "hold" status.**

By default, all settlement instructions against LCH.SA standard account will receive the "**released"** status".

**Settlement instructions sent in "released" mode will not be allowed to be put on hold by the SA**

However, the CMF will be authorised to request to LCH.SA to flag one or several DA's with the indicator "Hold". As a result, all settlement instructions stemming from such a DA will be sent in "hold" status.

As the current ISO20022 for sese.023 only provides a unique field to receive this indicator, LCH.SA will be prevented to use "already matched instructions".

The CMF and its SA should bear in mind the consequences of such action:

- All instructions put on hold prevent settlement

- **LCH.SA strongly recommends automating the release mechanism so that settlement can effectively start for the DVP night cycle and in particular no later than for the second night cycle where the first partialing is activated.**
- Any instruction still on hold will be considered as a “fail” by LCH.SA with the penalty and buy-in regime as per the LCH.SA rules.

The following table sums up the possible cases

| DA of the CMF | Leg of LCH.SA | Matching status |
|---|---|---|
| Released by default | Always released | Already matched |
| Hold set up | Always released | 2 legs to be matched |

Client impacts:

If CMFs decide to put their own leg “on hold”, they will have to release their instructions as quickly as possible in the course of the day and before the DVP cut-off time.

During the implementation phase, LCH. SA will send CMF a form containing all the data related to the DA (BIC, SAC , DCA , H/R etc….

## 6.5 Partial Settlement

LCH.SA and their counterparties will participate in the 3 partial settlement windows to maximise the settlement of transactions from the seller to the CCP and from the CCP to the buyer. This mandatory participation is part of LCH.SA Rulebook.

LCH.SA will not allow any change of the flag allowing deviating from the partial settlement which is the T2S default rule.

LCH.SA will indicate “**PARQ**” in the partial parameter meaning that the partial settlement will be triggered based on the minimum security settlement unit defined by the Security Maintenance Entity (SME) CSD in the T2S static data.

Client impacts:

Clients in ESES and Interbolsa already support the partial feature.

Clients “X“ in NBB-SSS need to support / develop the function.

## 6.6 Cancellation

As per the CNS principle, LCH.SA will centrally cancel pending transactions at the end of the DVP cut-off. With the PoA given by the CMF to LCH.SA:

- The cancellation request of LCH.SA will apply to both legs at once, with no intervention from the counterparty.
- The cancellation request will be executed after the end of the DVP cut-off (4pm CET) and after internal consistency checks.

The responsibility of sending cancellation requests will be transferred from Euroclear/Interbolsa to LCH.SA at the launch of T2S wave 2.

LCH.SA will use the sese.020 to initiate the cancellation request.

The cancellation will also apply for the following needs:

- Initiation of the buy-in procedure
- Management of default/bankruptcy

**To be noted:** For NBB-SSS the process differs as the fails are recycled by the CSD (no cancellation process).

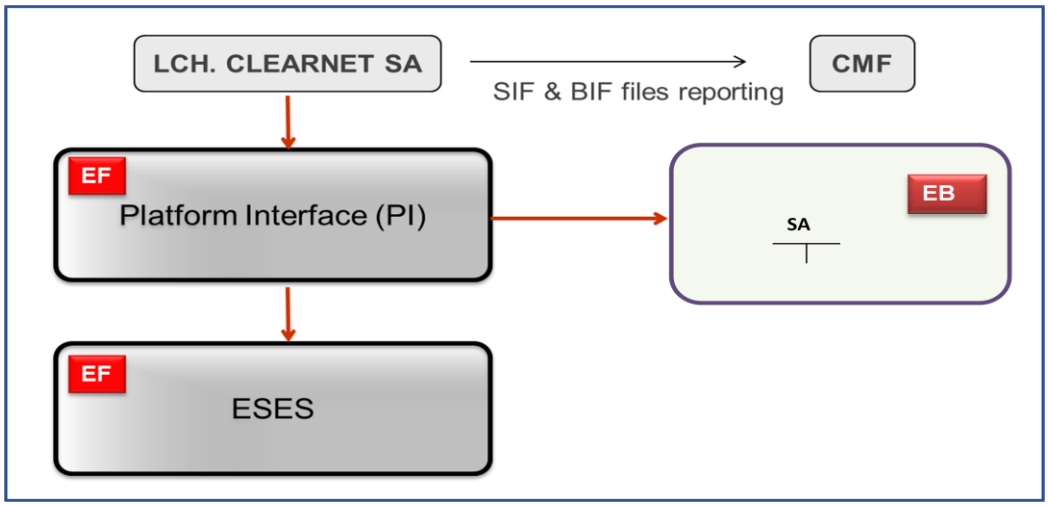
Client impacts:

DCPs can subscribe to T2S cancellation advices and/or to T2S copy service for cancellation request message.

ICPs have to define their service subscription with CSDs.

## 6.7 Settlement in T2S for Clearing Member with settlement solution in EB

The current model hereunder, whereby the Euroclear France (Platform Interface) routes stock exchanges flows either to ESES or to EB as ICSD will be abandoned.



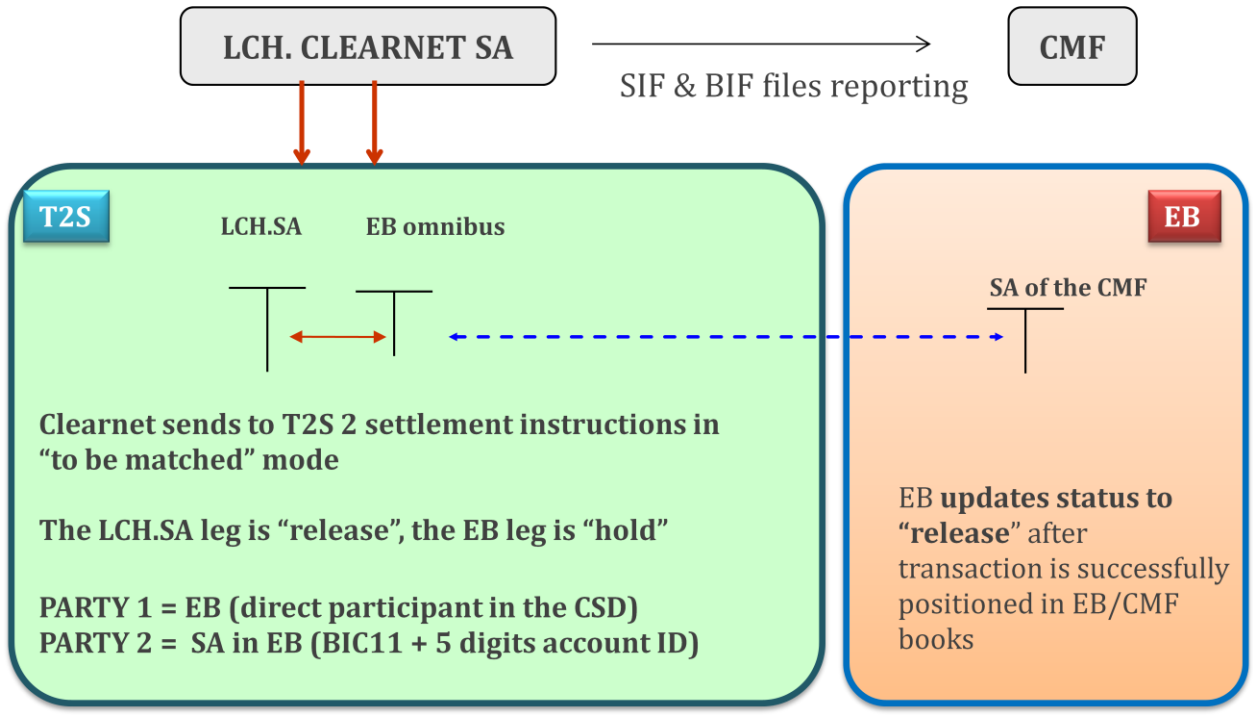

LCH.SA and Euroclear will substitute this service as follows at the launch of wave 2:

- The CMF (or its SA) in EB will maintain its security and cash accounts in EB
- LCH.SA in ESES (or in another CSD in T2S) maintains its securities account in the “authorised CSD”
- The settlement instructions settle in T2S in central bank money against the omnibus account of **EB (as direct participant in ESES and global custodian of the CMF)**
- The SESE 023 will indicate the BIC 11 and SAC of EB in PARTY 1 and the proprietary security account of the CMF (or its settlement agent) (on 5 digit in EB) in the PARTY level 2
- This EB client will therefore be debited / credited by EB (in commercial bank money) after EB has checked the security or cash provision of the SA or paying agent

In order to allow such service:

- LCH.SA will send “to be matched instructions” in T2S with the EB’s leg put “on Hold”.
- EB will release the instruction as quickly as possible after the necessary checks of provision both on cash and or security side of the CMF (or its SA) in EB.

Hereunder the schema that will be used as of T2S wave2:




Client impacts:

Clearing members will receive from LCH.SA the content of the settlement instructions through SIF reports. For further information, the SA of the CMF are invited to contact EB directly

# 7 Settlement of guaranteed transactions outside T2S

| | Trades admitted into the clearing services | | Not admitted into the clearing services |
|---|---|---|---|
| | Guaranteed trades | Non-guaranteed trades | |
| **Settlement in T2S** | Refer to § 6 | Refer to § 8 | Refer to § 9 |
| **Settlement outside T2S* (*EB)** | **Related to ISIN not eligible in T2S: ETF primary deposited in EB**<br>**Related to trades in non-euro currency (not eligible in T2S)**<br>**The settlement instructions will be routed exclusively to EB as (I)CSDs**<br>**Operating model: CNS** | Refer to § 8 | |

**Reminder**: the clearing and post trade services of the activity of Bourse du Luxembourg do not change.

LCH.SA will settle outside T2S some transactions not eligible in T2S.

The settlement location will be **Euroclear Bank as ICSD** where the cash payment is in commercial bank money.

The transaction with the following properties will settle in EB (as ICSD):

- The settlement currency is not eligible in T2S (i.e. non euro for wave 2). Are also included in this category, all market claims instructions in non euro related to the underlying transaction expressed in euro or not in fails status in T2S on Record date of the Corporate Action.
- International ETF denominated in euro for which EB is the primary issuer CSD will also settle in EB (same as today).
- Transactions on corporate bonds not admitted in ESES (BondMatch, Galaxy).

The life cycle of these guaranteed transactions relies on EB services that will be enhanced with the introduction of T2S. Please refer to EB documentation and further notices to receive more detailed information.

LCH.SA will prepare the netted settlement obligation after the CNS process and send them to EB on ISD-1 for value date ISD.

Contrary to the current situation where net buyers settlement and net sellers settlement ends respectively at 3.45pm and 4.15pm CET, the end of DVP window will be identical regardless of the instruction direction against LCH.SA (DELI versus RECE).

The end of settlement in EB will be fully harmonized and fixed at 4 pm CET.

The settlement transactions will be in **"to be matched status"** and **release mode**. The introduction of Hold and Release function by EB is foreseen at the launch of T2S wave 3.

LCH.SA will send all types of strange net except DWP/RWP.

For a DWP, RWP, LCH.SA will send a D0P/R0P and a PFOD not linked (Always APMT instructions). In consequence, EB will not have to manage the split of a DWP/RWP into a FOP & PFOD and the consequences on the reporting.

| Result of netting | LCH.SA sends always instruction Against payment APMT | |
|---|---|---|
| Cash: 0<br>Security: Yes<br>No cash, only security delivery | D0P/R0P | One instruction (for the SA) |
| DWP/RWP<br>Cash in same direction than securities | D0P/R0P + PFOD | 2 instructions (one for the securities and the other for the cash) |
| PFOD<br>No security, only cash movement | PFOD | One instruction (for the SA) |
| 0/0 | nothing | No instruction |
| DVP/RVP | DVP/RVP | One instruction (for the SA) |

# 8 Non Guaranteed trades

| | Trades admitted into the clearing services | | Not admitted into the clearing services |
|---|---|---|---|
| | Guaranteed trades | Non-guaranteed trades | |
| **Settlement in T2S** | Refer to § 6 | **Related to an ISIN classified as non-guaranteed by LCH.SA, or trade made via TCS where the trading member requests no guarantee**<br>**The CMF of the buyer and the CMF of the seller of the original trade are face to face. LCH.SA's role is to route in STP mode the settlement instructions**<br>**The ISIN is eligible in T2S and allows cross-CSD settlement**<br>**Operating model (fully harmonised): Trade Date Gross Settlement (TDGS)** | Refer to § 9 |
| **Settlement outside T2S* (*EB)** | Refer to § 7 | **The CMF of the buyer and the CMF of the seller of the original trade are face to face. LCH.SA's role is to route the settlement instructions in STP mode**<br>**The settlement instructions will be routed to EB as (I)CSDs**<br>**Operating model (fully harmonised): Trade Date Gross Settlement (TDGS)** | |

**LCH.SA will harmonise the process related to non guaranteed trades across its markets (FR, BL, NL, PT).**

Non Guaranteed Transactions will settle based on the Trade Date Gross Settlement model. In that model, the CMF of the buyer and the CMF of seller of the original trade are face to face. LCH.SA's role is to route in STP mode the settlement instructions like a pass through.

- Settlement instructions are sent by end of trade date with priority 2 (because Technical Sender = CCP)
- LCH.SA will send to T2S the 2 legs (SA of CMF1 against the SA of CMF2) to the "Authorized" CSD

LCH.SA will offer Clearing Members the flexibility to send their own leg on "release" or on "hold" status. The table below summarizes the possible cases:

| DA of the CMF buyer | DA of the CMF seller | Matching status |
|---|---|---|
| Released | Hold | 2 legs to be matched |
| Hold | Hold | 2 legs to be matched |
| Hold | Released | 2 legs to be matched |
| Released | Released | Already matched |

Corporate Actions on flows:

- CA on flows are under the CSD's responsibility
- The Opt-out indicator will not be filled by LCH.SA and will remain blank.

Client impacts: -

1. One harmonized process for all markets

2. Notice of trade leg and notice of posting reported to the CMF as currently

3. Trade reporting is done in the TLRF file (batch)

4. **Reporting related to non guaranteed instructions in SIF of T+1 record 165**

**5 The trade id from Euronext will be propagated into the common trade id as an optional matching field in the SESE.023**

# 9 Non Clearable Securities

| | Trades admitted into the clearing services | | Not admitted into the clearing services |
|---|---|---|---|
| | Guaranteed trades | Non-guaranteed trades | |
| **Settlement in T2S** | Refer to § 6 | Refer to § 8 | **LCH.SA will no longer receive trades from Euronext** |
| **Settlement outside T2S* (*EB)** | Refer to § 7 | Refer to § 8 | |

In order to allow the harmonisation of non guaranteed transaction across all markets, LCH.SA and Euronext are working on a common solution to exclude some specific securities and related trades.

Scope:

- Any ISIN and related trades which cannot be sent in STP mode to the designated settlement system of the CSD / ICSD in Europe with which LCH.SA has a technical link (T2S and EB / CBL)
- Any ISIN and related trades which cannot be correctly valorised (because of a lack of data/parameters in LCH.SA's IT system)

At this stage, around 100 ISIN fall in this situation (non comprehensive list):

- Bonds traded on Euronext Amsterdam with a missing bond factor for which LCH SA cannot compute a valuation
- Bonds traded on Euronext Amsterdam with a deviating record date for which LCH SA computes incorrect accrued interests and valuation
- A few Belgian registered securities for which the CSD needs additional checks ahead of settlement . Such securities are classified as "not T2S transferable".
- Some French securities not admitted in EF such as "Ordres de Mouvement"

Process (under finalization):

- Euronext will filter the trades upfront. They will not enter into the clearing system of LCH.SA
- Euronext will disclose the identity of the buyer to the seller and vice versa in a specific field of the execution confirmation message.
- Referential data of Euronext to specify that such trades will not be admitted into the clearing service of LCH.SA . A complete list of "non clearable" will be provided end of Q1 2015

Client impacts:

1. Since LCH.SA will no longer receive such trades, the TMF and its Settlement Agent will have to ensure by themselves bilateral settlement against the counterparty

2. No reporting will be provided by LCH.SA

# 10 Fails and Buy-in

## 10.1 Fails Recycling responsibility

When the CSD is ESES or Interbolsa: Fails will not be recycled in T2S as LCH.SA operates the CNS.

When the CSD is NBB-SSS: Fails will be recycled in T2S until the start of the buy-in procedure.

## 10.2 Mandatory Buy-in and Cash Compensation

LCH.SA is willing to simplify and enhance the current process

LCH.Clearnet will offer CMFs, for both buys and sells, the flexibility to instruct the buy-in from **a dedicated SAC related to the buy-in activity** instead of the current "standard" SAC specified in the DA address. This has been requested by some CMFs who want to segregate the buy-in process from the regular settlement. A dedicated account is serves both parties: the buyer who is ensured to allocate the received securities to the entitled party as well as the seller who is certain to deliver the securities from the actual default party.

The timing and process will be as follows:

- **Trade Date:** date on which the trade is executed
- **ISD:** expected date for settlement
- **From ISD to ISD +4 :** recycling into the CNS process / calculation of penalties on fails by LCH.SA
- **ISD+4 (end of day):** initiation of the buy-in and triggering of eligible default seller and allocated waiting buyer on fails still pending (reporting into the new BIF )
- **ISD+5:**
    - 7 am : tender offer is available on LCH.SA web-site
    - Start of day: eligible fails **are automatically reinstructed** by LCH.SA against the buy-in account of LCH.SA**.** The default seller keeps higher priority for settlement against potential new sellers
    - The default seller has to confirm by fax before noon its commitment to deliver to LCH.SA, In that case, the transaction should then settle as soon as possible but no later than 3pm. Otherwise, if the default seller is unable to deliver, LCH will cancel the pending transaction in T2S
    - Any new potential sellers have to confirm their delivery by fax before 12 am. They will be informed by LCH.SA if their offer is retained or not at **noon**. The new seller has to instruct in DVP **to be matched against LCH.SA, t**he Free of payment without matching not being allowed in T2S.

- When LCH.SA has indeed received the securities, it will redeliver them to the waiting buyer on the same day and no later than 4pm (DVP cut off)
- At 3pm , if the default or the new seller has still not delivered the securities, LCH.SA will cancel the related unsettled instructions
- All actions performed by LCH.SA on ISD+5 need to be completed by 4pm CET ahead of the DVP cut off

- **ISD+6:** In case no security has been found, LCH.SA will compute a cash compensation in favour of the waiting buyer. This cash compensation will be instructed through a Payment Free of Delivery (PFoD) and will then settle one day ahead of the current procedure (ISD +6 vs. ISD +7)

Client impacts: The table below highlights main changes.

The detailed reports in BIF & SIF will be communicated in a later version.

| Date and time | Default seller | New seller(s) | Waiting buyer(s) No action | LCH.SA |
|---|---|---|---|---|
| **ISD+4 eod** | Automatic reinstruction against the Buy-in account of LCH.SA | | Automatic reinstruction against the Buy-in account of LCH.SA | |
| **ISD+5 until noon** | Default seller has to confirm by noon its commitment to deliver | Selected new seller will be informed at noon. They have to instruct their leg in DVP (and no more Free of payment) against the Buy-in account of LCH.SA | | At noon: LCH.SA will centrally cancel the settlement instructions against the default seller if he confirms he will not deliver the securities |
| **ISD+5 between 12 and 4pm CET** | | | The waiting buyer receives the securities (RVP against the original price) | LCH.SA will match against the new seller(s) so that the transaction can settle |
| **ISD+6** | (if no securities found), the default seller is debited by a cash compensation (PFoD) from LCH.SA | | (if no securities found), the waiting buyer receives a cash compensation (PFoD) from LCH.SA | |

# 11 Corporate Actions Management

LCH.SA as CCP will handle the process of CA on flows for markets in CNS process.

Within SDN model (settlement of the Belgian debt or corporate debt in NBB-SSS), it is the responsibility of the CSD to perform CA on flows.

Very few changes would be introduced due to T2S compared with amendments that LCH.SA will undergo with the launch of the stream 5 of ESES market.

## 11.1 Market Claims and Transformation

Process related to CNS markets:

- LCH.SA cancels fails every day and identify if they are eligible for a CA on flows
- LCH.SA will generate in its internal clearing system (NSI) the regularization (market claim or transformation) based on the netted position with their original ISD at the DA level.
    - LCH.SA will follow the principles defined by CAJWG & CASG
    - LCH.SA will send Market Claims and Transformations to T2S
    - To avoid double processing of Market Claims and Transformations (CSD and CCP), settlement instructions will receive the Opt out indicator: No Market Claim (NOMC)
    - Non euro cash distribution related to an underlying securities in euro will settle in EB
- The book entries related to the processing of market claim (CLAI) and cancel/replace (TRAN) will be reported in the SIF file record 125.

**Main changes due to T2S:**

- With regards to reimbursement of bonds at maturity date and the related transformation process, LCH.SA's settlement instructions will be rejected by T2S (as per T2S current rules accepting only transformation from CSD (and not CCP) as from the maturity date of a CA). Therefore, LCH.SA will settle the cash amount in T2.
- The segregated market claim will receive the transaction **type CLAI** ; LCH.SA will not include in the CNS process the positions related to market claim in cash (Payment free of delivery) or market claim in security (delivery without payment).

Client impacts: For further details, please refer to Bulletin 5 December 2014 – New Standards implementation on Corporate Actions for the CCP

## 11.2 Buyer protection

As far as buyer protection service is concerned, LCH.SA will use the standards and the new template issued by the CAJWG related to the “manual buyer protection” as soon as possible provided that the underlying market or CSD is also ready to support the service. ESES markets announced they will offer the service of elective events at the launch of the T2S wave 3, i. e. 6 months after their migration on T2S. Interbolsa informed they will assist members to implement the process, as it will be bilateral in a first step.

Further information will be communicated in the course of 2015.

| Client impacts: - No impact at this stage : |
|---|

# 12 Launch Strategy

LCH.SA launch strategy definition is under progress.

A new communication will be issued for all works related to the migration of the clearing activity to T2S.

LCH.SA is closely interdependent of the migration of each CSD and will adapt its own migration process based on one hand on its DCP status and on the other hand on the process and methodology imposed by the CSD and T2S.

Client impacts: To be defined

# 13 Appendices

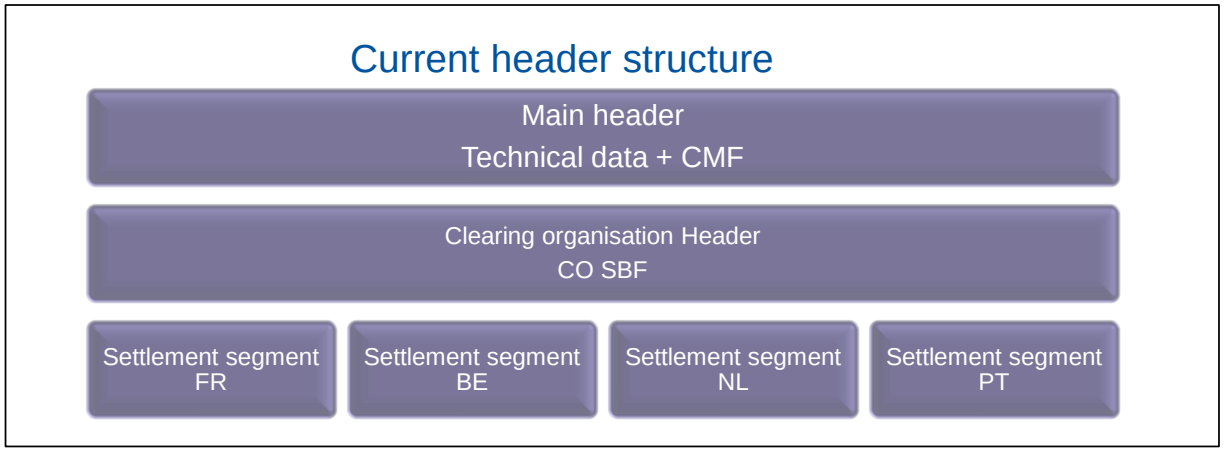
## 13.1 New SIF File Structure for Activity Settling in T2S

LCH.SA will review the current SIF structure for markets and activity migrating to T2S.

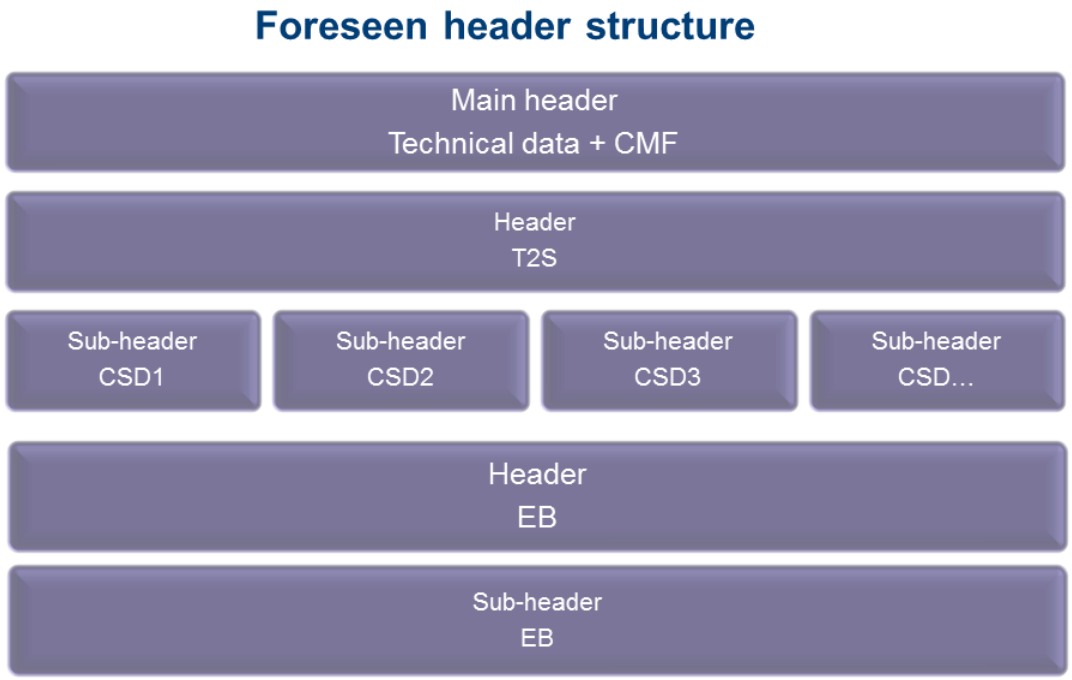
It is expected that all Cash Euronext Market will migrate to T2S at the same time; however, if one CSD is not ready for the second wave, the reporting of settlement activity will remain in the old current SIF file.

Timing for SIF sending should not be modified (6.30pm / 7pm CET).

Reminder of the current SIF structure:




New SIF will be organized by settlement platform (header T2S, header EB as ICSD …) and per CSD if relevant (sub header).




### 13.1.1 SIF Filename

The filename will respect the following convention PSIFxxxxxxxxxxYYYYMMDD.txt and PSIFxxxxxxxxxxYYYYMMDD.csv.

| Field No | Field Name | Mandatory | Length | Position | Type | Description |
|---|---|---|---|---|---|---|
| 1 | Platform | Y | 1 | 1 | alpha | Type of the file (production file vs. test file) Value 'P' or 'T' |
| 2 | File Type | Y | 3 | 2 | alpha | Type of the file. Value 'SIF'. |
| 3 | Participant code | Y | 10 | 5 | alpha | Code of the member corresponding to the Clearing Member. |

| Field No | Field Name | Mandatory | Length | Position | Type | Description |
|---|---|---|---|---|---|---|
| 4 | Business date | Y | 8 | 15 | num | Business Date |

### 13.1.2 Main header

One SIF Main Header is generated for each member file as follows:

| Field No | Field Name | Mand. | Length | Pos | Type | Description |
|---|---|---|---|---|---|---|
| **1** | Record type | Y | 5 | 1 | alpha | Type of record. Value '00000' |
| **2** | File type | Y | 3 | 6 | alpha | Type of the file. Value 'SIF' |
| **3** | Date time creation | Y | 14 | 9 | num | Date and time of the creation of the file. Format: YYYYMMDDHHMMSS. |
| **4** | Business date | Y | 8 | 23 | num | Reference day in LCH Clearnet. Format: YYYYMMDD |
| **5** | Participant code | Y | 10 | 31 | alpha | Code of the member corresponding to the Clearing Member. |
| **6** | Participant BIC code | Y | 11 | 41 | alpha | BIC Code of the Clearing Member |
| **7** | Filler | Y | 460 | 52 | alpha | |

### 13.1.3 Settlement platform subheader

SIF sub Header per clearing member and settlement platform is generated as follows

| Field No | Field Name | Mand. | Length | Pos | Type | Description |
|---|---|---|---|---|---|---|
| **1** | Record type | Y | 5 | 1 | alpha | Type of the record. Value '00001' |
| **2** | File type | Y | 3 | 6 | alpha | Type of the file. Value 'SIF' |
| **3** | Datetime creation | Y | 14 | 9 | num | Date and time of the creation of the file. Format: YYYYMMDDHHMMSS |
| **4** | Business date | Y | 8 | 23 | num | Reference day in LCH Clearnet. Format: YYYYMMDD |
| **5** | Participant code | Y | 10 | 31 | alpha | Code of the member corresponding to the Clearing Member. |
| **6** | Participant BIC code | Y | 11 | 41 | alpha | BIC Code of the Clearing Member |
| **7** | Settlement Platform | Y | 3 | 52 | alpha | Settlement platform code. Value 'T2S', 'EB ') |
| **10** | Filler | Y | 457 | 55 | alpha | |

### 13.1.4 CSD subheader

One SIF sub Header per clearing member, settlement platform and CSD is generated as follows:

| Field No | Field Name | Mand. | Length | Pos | Type | Description |
|---|---|---|---|---|---|---|
| **1** | Record type | Y | 5 | 1 | alpha | Type of the record. Value '00002' |
| **2** | File type | Y | 3 | 6 | alpha | Type of the file. Value 'SIF' |
| **3** | Date time creation | Y | 14 | 9 | num | Date and time of the creation of the file. Format: YYYYMMDDHHMMSS |

| Field No | Field Name | Mand. | Length | Pos | Type | Description |
|---|---|---|---|---|---|---|
| **4** | Business date | Y | 8 | 23 | num | Reference day in LCH Clearnet. Format: YYYYMMDD |
| **5** | Participant code | Y | 10 | 31 | alpha | Code of the member corresponding to the Clearing Member. |
| **6** | Participant BIC code | Y | 11 | 41 | alpha | BIC Code of the Clearing Member |
| **7** | Settlement Platform | Y | 3 | 52 | alpha | Settlement platform code (T2S, EB) |
| **8** | CSD / code | Y | 5 | 55 | alpha | Code representing the CSD where the instructions settle. |
| **9** | CSD / BIC | Y | 11 | 60 | alpha | BIC representing the CSD where the instructions settle. |
| **10** | Filler | Y | 441 | 71 | alpha | |

**(I) CSD codes:**

- EB for Euroclear bank
- EF fro Euroclear france
- ENL for euroclear nederlands
- EBE for euroclear Belgium
- NBBSS for NBB-SSS
- IBLSA for Interbolsa

### 13.1.5 CSD subfooter

One SIF sub footer per clearing member, settlement platform and CSD is generated as follows:

| Field No | Field Name | Mand. | Length | Pos | Type | Description |
|---|---|---|---|---|---|---|
| **1** | Record type | Y | 5 | 1 | alpha | Type of the record. Value '99997'. |
| **2** | File type | Y | 3 | 6 | alpha | Type of the file. Value 'SIF' |
| **3** | Line counter | Y | 15 | 9 | num | Number of lines in the file, including header and footer lines |
| **4** | Filler | Y | 488 | 24 | alpha | |

### 13.1.6 Settlement platform subfooter

One SIF sub footer per clearing member, settlement platform is generated as follows:

| Field No | Field Name | Mand. | Length | Pos | Type | Description |
|---|---|---|---|---|---|---|
| **1** | Record type | Y | 5 | 1 | alpha | Type of the record. Value '99998'. |
| **2** | File type | Y | 3 | 6 | alpha | Type of the file. Value 'SIF' |
| **3** | Line counter | Y | 15 | 9 | num | Number of lines in the file, including header and footer lines |
| **4** | Filler | Y | 488 | 24 | alpha | |

### 13.1.7 Main Footer

One SIF Main Footer is generated for each member file as follows:

| Field No | Field Name | Mand. | Length | Pos | Type | Description |
|---|---|---|---|---|---|---|
| **1** | Record type | Y | 5 | 1 | alpha | Type of the record. Value '99999'. |
| **2** | File type | Y | 3 | 6 | alpha | Type of the file. Value 'SIF' |
| **3** | Line counter | Y | 15 | 9 | num | Number of lines in the file, including header and footer lines |
| **4** | Filler | Y | 488 | 24 | alpha | |

### 13.1.8 SIF detail record

New SIF main modifications:

- Record types are identified with three digits. First digit is always 1 and the two following digits correspond to the record type in the old SIF
- Record type "150" (cancelled non settled position) merged with type "140"
- Record type "170" (net cash) removed
- New record: Type "162" (outbound Buy-in instructions already settled)
- Fields 25 to 28 will be introduced in end March 2015 with HDD/HDR projects

**Legend: Color coding**

- First cell in red: new field

**Record type 00110 to 00140**

| Field No | Field Name | Mand. | Length | Type | Description | Description | Description | Description | Description |
|---|---|---|---|---|---|---|---|---|---|
| ***References*** | | | | | | | | | |
| **1** | Record type | Y | 5 | alpha | **"00110"** netting phase 1 | **"00120"** Fails in the DA | **"00125"** CA on fails | **"00130"** Fails after CA | **"00140"** manual book entries |
| **2** | LCH.Clearnet instruction's reference | N | 16 | alpha | Empty | Outbound internal reference | Outbound internal reference (of the mother security) | Outbound internal reference | Outbound internal reference in case of cancellation, empty in case of creation |
| **3** | Settlement Platform instruction reference | N | 16 | alpha | Empty | Inbound external reference | Inbound external reference (of the mother security) | Inbound external reference | Inbound external reference in case of cancellation, empty in case of creation |
| **4** | Counterparty 's CSD | N | 11 | alpha | BIC of the CSD where LCH-CN operates its securities account. | BIC of the CSD where LCH-CN operates its securities account. | BIC of the CSD where LCH-CN operates its securities account. | BIC of the CSD where LCH-CN operates its securities account. | BIC of the CSD where LCH-CN operates its securities account. |
| ***Party 1 , 2 and 3*** | | | | | | | | | |

| Field No | Field Name | Mand. | Length | Type | Description | Description | Description | Description | Description |
|---|---|---|---|---|---|---|---|---|---|
| **5** | Participant DA Id | N | 23 | alpha | Delivery Account external id of the Clearing Member | idem | idem | idem | idem |
| **6** | BIC of the Participant in the CSD | N | 11 | alpha | Participant BIC for the security account of the Settlement address-Party 1 of the Member DA. | idem | idem | idem | idem |
| **7** | Participant security account (=SAC in T2S) | N | 35 | alpha | Participant security account of the Settlement address - party 1 of the Member DA. | idem | idem | idem | idem |
| **8** | BIC of the Client (level 2) | N | 11 | alpha | Client or custodian BIC code of the Settlement address-Party 2 of the Member DA. | idem | idem | idem | idem |
| **9** | Client security account level 2 | N | 35 | alpha | Client or custodian security account of the Settlement address Party 2 of the Delivery account the Member DA. | idem | idem | idem | idem |

| Field No | Field Name | Mand. | Length | Type | Description | Description | Description | Description | Description |
|---|---|---|---|---|---|---|---|---|---|
| **10** | BIC of the Client (level 3) | N | 11 | alpha | Client BIC code of the Settlement address-Party3 of the Member DA | idem | idem | idem | idem |
| **11** | Client security account level 3 | N | 35 | alpha | Client security account of the Settlement address-Party3 of the Member DA. | idem | idem | idem | idem |
| ***Instruction parameters*** | | | | | | | | | |
| **12** | Hold&Release | N | 1 | alpha | Instruction "on Hold" o r" Released" indicator (H/R) | empty | empty | empty | empty |
| **13** | ISIN | **N** | 12 | alpha | ISIN of the instrument | ISIN | ISIN | ISIN | ISIN |
| **14** | Trading code | N | 12 | alpha | Trading code of the Instrument | Trading code | Trading code | Trading code | Trading code |
| **15** | Intended Settlement Date | **Y** | 8 | num | ISD of the DA Position Balance | ISD of the DA Position Balance | ISD of the book entry | ISD of the DA Position Balance | ISD of the book entry |

| Field No | Field Name | Mand. | Length | Type | Description | Description | Description | Description | Description |
|---|---|---|---|---|---|---|---|---|---|
| **16** | Quantity Credit/Debit indicator | N | 1 | alpha | If DA quantity balance =>0 then C.<br>If DA quantity balance <0 then D | If DA quantity balance =>0 then C.<br>If DA quantity balance <0 then D | If quantity of the Book entry >= 0 then C.<br>If quantity of the Book entry <0 then D. | If DA quantity balance =>0 then C.<br>If DA quantity balance <0 then D | If quantity of the Book entry >= 0 then C.<br>If quantity of the Book entry <0 then D. |
| **17** | Quantity | **N** | 18 | num | quantity of the DA Position Balance. | quantity of the DA Position Balance. | quantity of the Book entry. | quantity of the DA Position Balance. | quantity of the Book entry. |
| **18** | Quantity unit | N | 3 | alpha | Quantity unit code of the DA Position Balance.<br>UNT or FMT | UNT or FMT | UNT or FMT | UNT or FMT | UNT or FMT |
| **19** | Cash Credit/Debit indicator | **N** | 1 | alpha | If cash amount =>0 then C.<br>If cash amount <0 then D. | If cash amount =>0 then C.<br>If cash amount <0 then D. | If Cash amount of the Book entry >=0 then C.<br>If Cash amount of the Book entry <0 then D. | If cash amount =>0 then C.<br>If cash amount <0 then D. | If Cash amount of the Book entry >=0 then C.<br>If Cash amount of the Book entry <0 then D. |
| **20** | Cash amount | Y | 18 | num | Cash amount | Cash amount of the DA Position Balance. | Cash amount of the Book entry | Cash amount of the DA Position Balance. | Cash amount of the Book entry |

| Field No | Field Name | Mand. | Length | Type | Description | Description | Description | Description | Description |
|---|---|---|---|---|---|---|---|---|---|
| **21** | Payment currency | **Y** | 3 | alpha | Payment currency of cash amount | idem | idem | idem | idem |
| **22** | Participant cash account (=DCA in T2S) | N | 34 | alpha | Participant cash account of the Settlement address-Party 1 of the Member DA. | idem | idem | idem | idem |
| ***Additional parameters*** | | | | | | | | | |
| **23** | Book entry type | N | 3 | alpha | Empty | Empty | Book entry type code | Empty | Book entry type code |
| **24** | Book entry comment | N | 30 | alpha | Empty | Empty | Empty | Empty | Book entry comment |
| **25** | Corporate event type | N | 4 | alpha | Empty | Empty | COE CAEV of the Bookentry | Empty | Empty |
| **26** | Corporate event CORP | N | 16 | alpha | Empty | Empty | COE CORP of the Bookentry | Empty | Empty |
| **27** | Corporate event COAF | N | 16 | alpha | Empty | Empty | COE COAF of the Bookentry | Empty | Empty |
| **28** | Corporate event Info | N | 4 | alpha | Empty | Empty | COE info of the Bookentry | Empty | Empty |
| **30** | Trade reference | N | 10 | alpha | Empty | Empty | Empty | Empty | Empty |
| **31** | Filler | Y | 108 | alpha | | | | | |

**Record type 00160 to 00165**

| Field No | Field Name | Mand. | Length | Type | Description | Description | Description | Description |
|---|---|---|---|---|---|---|---|---|
| ***References*** | | | | | | | | |
| **1** | Record type | Y | 5 | alpha | **"00160"** outbound settlement instructions | **"00161"** outbound settlement instruction on the Buy-in account | **"00162"** outbound Buy-in instructions already settled | **"00165"** Non guaranteed settlement instructions |
| **2** | LCH.Clearnet instruction's reference | N | 16 | alpha | Outbound internal reference | Outbound internal reference | Outbound internal reference | Outbound internal reference |
| **3** | Settlement Platform instruction reference | N | 16 | alpha | Empty | Empty | Empty | Empty |
| **4** | Counterparty 's CSD | N | 11 | alpha | BIC of the CSD where LCH-CN operates its securities account. | BIC of the CSD where LCH-CN operates its securities account. | BIC of the CSD where LCH-CN operates its securities account. | BIC of the CSD where the counterparty operates its securities account |
| ***Party 1 , 2 and 3*** | | | | | | | | |
| **5** | Participant DA Id | N | 23 | alpha | Delivery Account external id of the Clearing Member | idem | idem | idem |

| Field No | Field Name | Mand. | Length | Type | Description | Description | Description | Description |
|---|---|---|---|---|---|---|---|---|
| **6** | BIC of the Participant in the CSD | N | 11 | alpha | Participant BIC for the security account of the Settlement address- Party 1 of the Member DA. | idem | idem | idem |
| **7** | Participant security account (=SAC in T2S) | N | 35 | alpha | Participant security account of the Settlement address - party 1 of the Member DA. | idem | idem | idem |
| **8** | BIC of the Client (level 2) | N | 11 | alpha | Client or custodian BIC code of the Settlement address- Party 2 of the Member DA. | idem | idem | idem |
| **9** | Client security account level 2 | N | 35 | alpha | Client or custodian security account of the Settlement address Party 2 of the Delivery account the Member DA. | idem | idem | idem |
| **10** | BIC of the Client (level 3) | N | 11 | alpha | Client BIC code of the Settlement address- Party3 of the Member DA | idem | idem | idem |

| Field No | Field Name | Mand. | Length | Type | Description | Description | Description | Description |
|---|---|---|---|---|---|---|---|---|
| **11** | Client security account level 3 | N | 35 | alpha | Client security account of the Settlement address-Party3 of the Member DA. | idem | idem | idem |
| ***Instruction parameters*** | | | | | | | | |
| **12** | Hold&Release | N | 1 | alpha | Instruction "on Hold" o r" Released" indicator (H/R) | Hold or Release indicator of the outbound | Hold or Release indicator of the outbound | Hold or Release indicator of the outbound |
| **13** | ISIN | **N** | 12 | alpha | ISIN of the instrument | ISIN | ISIN | ISIN |
| **14** | Trading code | N | 12 | alpha | Trading code of the Instrument | Trading code | Trading code | Trading code |
| **15** | Intended Settlement Date | **Y** | 8 | num | ISD of the DA Position Balance | ISD of the outbound | ISD of the outbound | ISD of the outbound |
| **16** | Quantity Credit/Debit indicator | N | 1 | alpha | If DA quantity balance =>0 then C.<br>If DA quantity balance <0 then D | Debit/Credit code of the outbound | Debit/Credit code of the outbound | Debit/Credit code of the outbound |
| **17** | Quantity | **N** | 18 | num | quantity of the DA Position Balance. | quantity of the outbound | quantity of the outbound | quantity of the outbound |
| **18** | Quantity unit | N | 3 | alpha | Quantity unit code of the DA Position Balance.<br>UNT or FMT | UNT or FMT | UNT or FMT | UNT or FMT |

| Field No | Field Name | Mand. | Length | Type | Description | Description | Description | Description |
|---|---|---|---|---|---|---|---|---|
| **19** | Cash Credit/Debit indicator | **N** | 1 | alpha | If cash amount =>0 then C.<br>If cash amount <0 then D. | Debit/Credit code of the outbound | Debit/Credit code of the outbound | Debit/Credit code of the outbound |
| **20** | Cash amount | Y | 18 | num | Cash amount | Cash amount of the outbound. | Cash amount of the outbound. | Cash amount of the outbound. |
| **21** | Payment currency | **Y** | 3 | alpha | Payment currency of cash amount | idem | idem | idem |
| **22** | Participant cash account (=DCA in T2S) | N | 34 | alpha | Participant cash account of the Settlement address-Party 1 of the Member DA. | idem | idem | idem |
| ***Additional parameters*** | | | | | | | | |
| **23** | Book entry type | N | 3 | alpha | Empty | Empty | Empty | Empty |
| **24** | Book entry comment | N | 30 | alpha | Empty | Empty | Empty | Empty |
| **25** | Corporate event type | N | 4 | alpha | Empty | Empty | Empty | Empty |
| **26** | Corporate event CORP | N | 16 | alpha | Empty | Empty | Empty | Empty |
| **27** | Corporate event COAF | N | 16 | alpha | Empty | Empty | Empty | Empty |

| Field No | Field Name | Mand. | Length | Type | Description | Description | Description | Description |
|---|---|---|---|---|---|---|---|---|
| **28** | Corporate event Info | N | 4 | alpha | Empty | Empty | Empty | Empty |
| **30** | Trade reference | N | 10 | alpha | Empty | Empty | Empty | External Trade reference of the non guaranteed trade |
| **31** | Filler | Y | 108 | alpha | | | | |

### 13.1.9 SIF detail mapping with Sese.023 and Sese.025 message

| Field No | Field Name | Mand. | Length | Mapping Sese.023 | Mapping Sese.025 |
|---|---|---|---|---|---|
| ***References*** | | | | | |
| **1** | Record type | Y | 5 | Tag (ISO 20022) (name) | Tag (ISO 20022) (name) |
| **2** | LCH.Clearnet instruction's reference | N | 16 | TxId (Transaction Identification) | TxIdDtls/AcctOwnrTxId (TransactionIdentificationDetails/AccountOwnerTransactionIdentification) : Replace the fifth character by a "-". e.g. 2014X12-03343434 is received it becomes 2014-12-03343434 |
| **3** | Settlement Platform instruction reference | N | 16 | N/A | TxIdDtls/MktInfrstrctrTxId (TransactionIdentificationDetails/MarketInfrastructureTransactionIdentification) |
| **4** | Counterparty 's CSD | N | 11 | N/A | N/A |
| ***Party 1 , 2 and 3*** | | | | | |
| **5** | Participant DA Id | N | 23 | N/A | N/A |
| **6** | BIC of the Participant in the CSD | N | 11 | DlvrgSttlmPties\ Pty1\ Id\ AnyBIC (DeliveringSettlementParties/Party1/Identification) or RcvgSttlmPties \Pty1\Id\AnyBIC (ReceivingSettlementParties/Party1/Identification) | DlvrgSttlmPties\ Pty1\ Id\ AnyBIC (DeliveringSettlementParties/Party1/Identification) or RcvgSttlmPties \Pty1\Id\AnyBIC (ReceivingSettlementParties/Party1/Identification) |

| Field No | Field Name | Mand. | Length | Mapping Sese.023 | Mapping Sese.025 |
|---|---|---|---|---|---|
| **7** | Participant security account (=SAC in T2S) | N | 35 | DlvrgSttlmPties \Pty1\SfkpgAcct\Id (DeliveringSettlementParties/Party1/SafekeepingAccount/Identification) or RcvgSttlmPties \Pty1\SfkpgAcct\Id (ReceivingSettlementParties/Party1/SafekeepingAccount/Identification) | DlvrgSttlmPties \Pty1\SfkpgAcct\Id (DeliveringSettlementParties/Party1/SafekeepingAccount/Identification) or RcvgSttlmPties \Pty1\SfkpgAcct\Id (ReceivingSettlementParties/Party1/SafekeepingAccount/Identification) |
| **8** | BIC of the Client (level 2) | N | 11 | DlvrgSttlmPties\Pty2\ Id\AnyBIC (DeliveringSettlementParties/Party2/Identification/AnyBIC) or RcvgSttlmPties\Pty2\ Id\AnyBIC (ReceivingSettlementParties/Party2/Identification/AnyBIC) | DlvrgSttlmPties\Pty2\ Id\AnyBIC (DeliveringSettlementParties/Party2/Identification/AnyBIC) or RcvgSttlmPties\Pty2\ Id\AnyBIC (ReceivingSettlementParties/Party2/Identification/AnyBIC) |
| **9** | Client security account level 2 | N | 35 | DlvrgSttlmPties\Pty2\ SfkpgAcct\Id (DeliveringSettlementParties/Party2/SafekeepingAccount/Identification) or RcvgSttlmPties \Pty2\ SfkpgAcct\ Id (ReceivingSettlementParties/Party2/SafekeepingAccount/Identification) | DlvrgSttlmPties\Pty2\ SfkpgAcct (DeliveringSettlementParties/Party2/SafekeepingAccount) or RcvgSttlmPties \Pty2\ SfkpgAcct (ReceivingSettlementParties/Party2/SafekeepingAccount) |
| **10** | BIC of the Client (level 3) | N | 11 | DlvrgSttlmPties\Pty3\ Id\AnyBIC (DeliveringSettlementParties/Party3/Identification/AnyBIC) or RcvgSttlmPties \Pty3\ Id\ AnyBIC (ReceivingSettlementParties/Party3/Identification/AnyBIC) | DlvrgSttlmPties\Pty3\ Id\AnyBIC (DeliveringSettlementParties/Party3/Identification/AnyBIC) or RcvgSttlmPties \Pty3\ Id\ AnyBIC (ReceivingSettlementParties/Party3/Identification/AnyBIC) |
| **11** | Client security account level 3 | N | 35 | RcvgSttlmPties \Pty3\ SfkpgAcct\ Id (ReceivingSettlementParties/Party3/SafekeepingAccount/Identification) or DlvrgSttlmPties\Pty3\ SfkpgAcct\Id (DeliveringSettlementParties/Party3/SafekeepingAccount/Identification) | RcvgSttlmPties \Pty3\ SfkpgAcct (ReceivingSettlementParties/Party3/SafekeepingAccount) or DlvrgSttlmPties\Pty3\ SfkpgAcct (DeliveringSettlementParties/Party3/SafekeepingAccount) |

| Field No | Field Name | Mand. | Length | Mapping Sese.023 | Mapping Sese.025 |
|---|---|---|---|---|---|
| ***Instruction parameters*** | | | | | |
| **12** | Hold&Release | N | 1 | SttlmParams\ HldInd\ Ind (SettlementParameters/HoldIndicator/Indicator) | N/A |
| **13** | ISIN | **N** | 12 | FinInstrmId\ ISIN (FinancialInstrumentIdentification/ISIN) | FinInstrmId\ ISIN (FinancialInstrumentIdentification/ISIN) |
| **14** | Trading code | N | 12 | N/A | N/A |
| **15** | Intended Settlement Date | **Y** | 8 | TradDtls\ SttlmDt\ Dt\ Dt (TradeDetails/SettlementDate/Date/Date) | TradDtls\ SttlmDt\ Dt\ Dt (TradeDetails/SettlementDate/Date/Date) |
| **16** | Quantity Credit/Debit indicator | N | 1 | N/A | N/A |
| **17** | Quantity | **N** | 18 | If UNT QtyAndAcctDtls\ SttlmQty\ Qty\ Unit (QuantityAndAccountDetails/SettlementQuantity/Quantity/Unit)<br>else QtyAndAcctDtls\ SttlmQty\ Qty\ FaceAmt (QuantityAndAccountDetails/SettlementQuantity/Quantity/FaceAmount) | If UNT QtyAndAcctDtls\ SttlmQty\ Qty\ Unit (QuantityAndAccountDetails/SettlementQuantity/Quantity/Unit)<br>else QtyAndAcctDtls\ SttlmQty\ Qty\ FaceAmt (QuantityAndAccountDetails/SettlementQuantity/Quantity/FaceAmount) |
| **18** | Quantity unit | N | 3 | N/A | N/A |
| **19** | Cash Credit/Debit indicator | **N** | 1 | SttlmAmt\ CdtDbtInd (SettlementAmount/CreditDebitIndicator) | SttlmAmt\ CdtDbtInd (SettlementAmount/CreditDebitIndicator) |
| **20** | Cash amount | Y | 18 | SttlmAmt\ Amt\ (SettlementAmount/Amount) | SttlmAmt\ Amt\ (SettlementAmount/Amount) |

| Field No | Field Name | Mand. | Length | Mapping Sese.023 | Mapping Sese.025 |
|---|---|---|---|---|---|
| **21** | Payment currency | **Y** | 3 | SttlmAmt\ Amt\ (SettlementAmount/Amount) | SttlmAmt\ Amt\ (SettlementAmount/Amount) |
| **22** | Participant cash account (=DCA in T2S) | N | 34 | CshPties\ Dbtr\ CshAcct\ Prtry (CashParties/Debtor/CashAccount/Proprietary) CshPties\ Cdtr\ CshAcct\ Prtry (CashParties/Creditor/CashAccount/Proprietary) | CshPties\ Dbtr\ CshAcct\ Prtry (CashParties/Debtor/CashAccount/Proprietary) CshPties\ Cdtr\ CshAcct\ Prtry (CashParties/Creditor/CashAccount/Proprietary) |
| ***Additional parameters*** | | | | | |
| **23** | Book entry type | N | 3 | N/A | N/A |
| **24** | Book entry comment | N | 30 | N/A | N/A |
| **25** | Corporate event type | N | 4 | N/A | N/A |
| **26** | Corporate event CORP | N | 16 | N/A | N/A |
| **27** | Corporate event COAF | N | 16 | N/A | N/A |
| **28** | Corporate event Info | N | 4 | N/A | N/A |
| **30** | Trade reference | N | 10 | TradId (TradeIdentification) | TradId (TradeIdentification) |
| **31** | Filler | Y | 108 | | |

## 13.2 New BIF Structure

- BIF and SIF structure will be identical.
- Record types are identified with three digits. First digit is always 1 and the two following digits correspond to the record type in the old BIF file.

Since it's not always possible to warn a member before engaging in the "buy in" process (typically in the case of an "early buy-in"), LCH.SA is currently studying whether to keep BIF 10 records.

As a result, the new BIF structure will be published in a later stage

## 13.3 Use of references in BIF and SIF files

Both files contain trade reference information provided by

- LCH.SA: each trade LCH.SA novates or transmits to a settlement platform has an outbound reference computed by LCH (field 2)
- A trading venue: in case of non guaranteed trade (field 30)
- T2S : when a trade fails to settle, LCH.SA reports the failure information with both LCH.SA trade reference and T2S's trade reference (field 3)

| | Information sent to the settlement platform | | Information received from the settlement platform |
|---|---|---|---|
| | Reference outbound<br><br>Field 2 | Trade reference<br><br>Field 30 | Reference inbound<br><br>Field 3 |
| Guaranteed in "to be matched" transactions | A reference computed by LCH.SA | N/A | The reference, as provided by T2S, of the trade that failed |
| Guaranteed in "already matched" transactions | A reference computed by LCH.SA | N/A | The reference, as provided by T2S of the trade that failed |
| Non guaranteed trades<br><br>(SIF Only) | A reference computed by LCH.SA | The trade reference as provided by the trading venue | N/A |