

Practice reference: MS-MATCH-CRITE-02

Use of the optional field: client of the CSD participant

Versioning	Version	1.0
	Publication date	August 29th, 2016

I. DESCRIPTION OF THE EXISTING PRACTICE & OF THE IMPACTS

Description of the existing practice	<p>A settlement instruction requires the mention of the description of settlement parties for the counterparty.</p> <p>In a domestic approach, Euroclear France’s Institution code will be sufficient to identify the counterparty, the CSD being by definition Euroclear France.</p> <p>In T2S, an optional field is designed to specify the client of the CSD participant. This notion is currently not used in the domestic market. A market practice is currently being designed by the T2S XMAP.</p>
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Description of the T2S impact	<p>In T2S, participants to the CSD can use an optional field “Client of the CSD participant”.</p> <p>The purpose of using this field is to reduce cases where 2 instructions presenting identical characteristics between 2 counterparties but for different clients may be confused.</p> <p>This matching level is made on the client of the CSD participant, provided that both counterparties populate this field.</p> <p>To be noted that the client of the CSD participant does not necessarily point to the actual investor.</p>
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Description of the major issue	<p>The proper filling of the settlement parties fields conditions the settlement in the appropriate safekeeping place (CSD, mandatory field), appropriate counterparty (CSD participant, mandatory field) and potentially appropriate client of the latter (client of the CSD participant, optional field).</p> <p>As a consequence, for the custodian to get the appropriate information requires the ability of his client to provide him with relevant and exhaustive information.</p> <p>This information is provided by both parties in their respective instructions, for their own settlement details as well as for that of their counterparty (client of</p>
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Practice reference: MS-MATCH-CRITE-02

delivering CSD participant, delivering CSD participant, CSD of the delivering party, CSD of the receiving party, receiving CSD participant, client of receiving CSD participant).

The field “Client of the CSD participant” is not mandatory. This information is an optional matching criterion, meaning that if one party does not fill it, matching can still occur (principle of the optional matching in T2S).

Specifying this information aims at reducing cases of confusion for identical instructions (mismatching or cross-matching).

Management rules:

	Instruction input by the Delivering CSD participant	Instruction input by the Receiving CSD participant	Mandatory matching criteria	Optional matching criteria
Client of the delivering CSD participant, (*)	BIC11 of the client of the delivering CSD participant, or LEI if available, or proprietary code	Blank		OK
	BIC11 of the client of the delivering CSD participant, or LEI if available, or proprietary code	BIC11 of the client of the delivering CSD participant, or LEI if available, or proprietary code		OK
	Blank	Blank		OK
	Blank	BIC11 of the client of the delivering CSD participant, or LEI if available, or proprietary code		OK (theoretically)
Delivering CSD participant, CSD of the delivering party, CSD of the receiving party, Delivering CSD participant,	BIC11	BIC11	OK	
	BIC11	BIC11	OK	
	BIC11	BIC11	OK	
	BIC11	BIC11	OK	
Client of the delivering CSD participant, (*)	Blank	BIC11 of the client of the Receiving CSD participant, or LEI if available, or proprietary code		OK
	Blank	Blank		OK
	BIC11 of the client of the Receiving CSD participant, or LEI if available, or proprietary code	Blank		OK (theoretically)

Practice reference: MS-MATCH-CRITE-02

		BIC11 of the client of the Receiving CSD participant, or LEI if available, or proprietary code	BIC11 of the client of the Receiving CSD participant, or LEI if available, or proprietary code		OK
<p>The fields 'Client of the receiving CSD participant' / 'Client of the delivering CSD participant' can be filled with any value that will nonetheless need to be identical or be set at blank for the instructions to match.</p>					

<p>Description of the roles and responsibilities of the actors involved (OPTIONAL)</p>	<p>T2S: Technical settlement platform A CSD participant can be either an indirect or a direct participant to the platform.</p> <p>CSD or Central Securities Depository Legal person that operates a securities settlement system and provides at least one other core services:</p> <ul style="list-style-type: none"> • Initial recording of securities in a book-entry system ('notary service'); • Providing and maintaining securities accounts at the top tier level ('central maintenance service') <p><i>REGULATION (EU) No 909/2014 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL of 23 July 2014</i></p> <p>CSD Participant Financial institution directly accessing the services of a central securities depository and having the capacity to process settlement instructions in the context of services provided by the CSD, these instructions possibly proceeding from client orders or orders for own account.</p> <p>Client of the/a CSD participant Legal or physical person having a contract with a financial institution participating to a CSD in the context of a securities servicing offering. The client of a CSD participant is not necessarily the final investor; he can himself process instructions coming from his clients (etc.).</p>
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<p>Workflows (OPTIONAL)</p>	
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<p>Links with other market practices</p>	
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Practice reference: MS-MATCH-CRITE-02

II. RECOMMENDED MARKET PRACTICE

Recommended practice	<p>The management rule proposed by the XMAP is recommended in order to identify the client of the CSD participant. This field not being mandatory, the rule will be applied on a best effort basis.</p> <p>The current recommendation from the XMAP, still to be adopted by the T2S General Assembly, is that the CSD participant fills the field 'Client of the CSD participant' with the appropriate value, in the following order:</p> <ul style="list-style-type: none"> • The BIC11 of the client of the CSD participant, when available; • Failing that, the LEI when available ; • Failing that, any proprietary data or 'blank'. <p>The following specification is made to the T2S practice: if the CSD participant is party to the transaction related to this settlement instruction, the BIC11 to be used is its own BIC11.</p> <p>Specific case of settlement instructions on French funds</p> <p>It is proposed to use this field, for instructions related to subscriptions or redemptions on French funds, to indicate the distributor of the fund through either its BIC, or a proprietary reference.</p>
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Description of the roles and responsibilities of the actors involved (OPTIONAL)	
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Workflows (OPTIONAL)	
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III. IMPLEMENTATION

Implementation timeline	Before the migration to T2S	Upon go live on T2S	After the migration to T2S
	<input type="checkbox"/> Date: _____	<input checked="" type="checkbox"/> Date: 12/09/2016	<input type="checkbox"/> Date: _____