

Technical Newsletter - Release June 2011 #2
22 December 2010

Euroclear UK & Ireland's system enhancements of June 2011 due to introduction of the Term DBV Service – Update December 2010

This Newsletter updates the one published in October 2010 corresponding to version 20.0 of the *File Transfer Data Exchange Manual (FT DEX)*. It provides technical information and guidance relating to system enhancements to be implemented as part of the June 2011 software release.

This updated version contains additional changes which are included in version 20.1 of the *FT DEX*. Further details of these additional changes are covered later in this Newsletter:

- the changes required to incorporate the amendment of DBV Value Sought and/or Consideration;
- the changes required to incorporate the Bank of England haircut;
- the new Term DBV Transaction Retrieve Request/Response functionality;
- enhanced set of values for the Dividend Mandate Flag on the Participant details; and
- the **changes that existing users of the current Repo functionality must make** regardless of whether they will be using the new Term DBV functionality.

For ease of comparison with the previous version of the Newsletter, the above mentioned changes are described under separate section headings rather than being integrated under the previous headings.

This Newsletter contains technical information regarding the new Term DBV service which allows clients to utilise the new Term DBV specific functionality in addition to the existing overnight DBV and repo collateral management functionality. This new service will allow clients to input Term DBVs with maturities of up to two years and benefit from a range of associated functional enhancements including automatic substitutions and mark to market functionality. For the Term DBV service, there will be a new set of transaction types to differentiate from overnight DBVs.

The Term DBV service will utilise the existing overnight DBVs and repo messages where possible. Where applicable these messages have been updated to accommodate the additional requirements for Term DBVs.

The changes listed below show only the messages which are new or have changed to incorporate Term DBVs. Other messages that will be applicable to Term DBV but have not changed are not listed here but a fuller description is available in the White book.

A new version of the *FT DEX*, version 20.1, is now available on www.euroclear.co.uk under **Connectivity>File Transfer**. This version replaces the previous version 20.0 and contains all previously published changes. The changes document *Changes between version 19.1 and 20.1* will highlight the details of the changes between versions 19.1 and 20.0 and between versions 20.0 and 20.1.

Detail of changes for Term DBVs

The following sub-sections up to '**Changes to support the amendment of DBV Value Sought and/or Consideration**' detail the changes previously introduced in version 20.0 of the *FT DEX*.

New transaction types

The following set of new transaction types will be introduced to manage the Term DBV service in Euroclear UK & Ireland's CREST system (see the White book *Enhancing DBV functionality – New Term DBV service* for further information):

- TDO - Term DBV Outbound
- TDR - Term DBV Return
- TDI - Term DBV Interest Payment
- TDG - Term DBV Giver Recall
- TDE - Term DBV Eligibility
- TDS - Term DBV Adjustment Substitution
- TDM - Term DBV Mark-to-Market.

DBV Input

A new field will be added to the input message (NDDN) to differentiate an overnight DBV from a Term DBV:

- RETURN DATE.

If this field is left blank, Euroclear UK & Ireland's CREST system will generate an overnight DBV as per the existing functionality. If however this field is populated, it will give rise to the creation of a Term DBV.

A field MARK TO MARKET will also be added to these input messages for future use. It should not be supplied and will be automatically populated by the CREST system to 'Yes' for Term DBVs and 'No' for overnight DBVs.

DBV Instruction Details enquiry

The existing DBV (Instruction) Details enquiry (NDDQ/NDDP) will be enhanced to report Term DBVs as well as the Overnight DBVs. The response message to the enquiry will be updated to include the RETURN DATE and MARK TO MARKET fields.

Stock Account Balances enquiry

The existing response messages to the Stock Account Balance enquiry (BSBQ/BSBP) will be enhanced to:

- Add the following fields
 - REPO BALANCE COLLATERAL OUT
 - REPO BALANCE COLLATERAL IN
- Rename existing field REPO BALANCE to REPO BALANCE SCR

Open Collateral Returns enquiry - New

This new enquiry (AOCQ/AOCP) will allow members to view a list of all the return transactions (TDR, DBR and RPR) that make up the new Collateral In and Collateral Out balances as returned in the Stock Account Balances enquiry.

Collateral Instruction List enquiry

The existing Repo Instruction List will be renamed to Collateral Instruction List to make it more generic since it will now also report Term DBVs. The existing ARPQ message will be replaced by a new version because of the new selection criteria. Similarly the corresponding ARPP response message will be replaced by a new version to return an additional set of fields required for Term DBVs. Refer to the change document accompanying the *FT DEX* for additional details.

As the existing versions of these messages will now be obsolete, members must upgrade to the new versions.

The following sub-sections up to ‘**Annex A Field Changes**’ detail the changes introduced in version 20.1 of the *FT DEX*.

Changes to support the amendment of DBV Value Sought and/or Consideration

The following describes the additional changes implemented to allow for the amendment of Value Sought and/or Consideration on a settled Term DBV in addition to any changes already defined above for Term DBVs in general.

- ***New data components***

The following new fields will be added to support this functionality:

- BASE VALUE SOUGHT
- BASE CONSIDERATION
- LAST EQUIVALENT VALUE SOUGHT
- NEXT BASE VALUE SOUGHT
- NEXT CONSIDERATION
- CURRENT MARKET VALUE.

- ***New transaction type***

A new transaction, Term DBV Adjustment (TDA) will be introduced to cover the stock and/or cash movements required in response to the input of a Term DBV Adjustment Instruction.

- ***Term DBV Adjustment Input***

This new message (NTAN) will allow the input of a TDA Instruction to specify a new value for the Value Sought and/or Consideration fields.

- ***Term DBV Adjustment Request***

This new message (NTAQ) will allow the retrieval of one or more Term DBV Adjustment Instructions which have either been input by or alleged against the party submitting the request. Depending upon the selection criteria input, it will return unsettled and/or settled TDA transactions.

- ***Term DBV Adjustment Request***

This new message (NTAP) will be returned in response to an NTAQ request.

Changes to Support Bank of England Haircut for collateral valuation

The changes listed below will be implemented to cater for the Bank of England Haircut processing in addition to any changes already defined above for Term DBVs in general.

- **New data components**

The following new field will be added to support this functionality:

- APPLY BOE HAIRCUT.

- **New DBV Class**

A new DBV Class, 'UGO' will be set up and will contain securities in the security category of UBG.

- **DBV Input Instruction**

This message (NDDN) will include a new flag, APPLY BOE HAIRCUT to allow input of a DBV for which the collateral must be valued using Bank of England Haircuts.

- **DBV Details Response**

Version 5 of this response message (NDDP) will include the APPLY BOE HAIRCUT flag.

- **DBV Stock Valuation Request and Response**

Version 2 of these request/response (NVTQ/NVTP) messages will be replaced by version 4. Version 4 of both messages will be as per version 3 with the exception that the APPLY BOE HAIRCUT flag will be added.

- **Collateral Instruction List**

This response message (ARPP) will include the APPLY BOE HAIRCUT flag.

Enhanced values for Dividend Mandate Flag

The DIVIDEND MANDATE flag on the Participant Details will be enhanced to allow a series of values to represent the permutations possible for the following choices as to whether a participant wishes to receive payments in CREST for:

- Equities
- Gilt Redemptions
- Gilt Interest Payments.

New Term DBV Transaction Retrieve Request and Response

The enquiry (NTTQ) will allow members to retrieve the full set of transactions (TDR, TDI, TDG, TDE, TDM, TDS, TDA, DEL and CLA) related to a Term DBV for the specified set of selection criteria. The response message NTTP will be returned.

Annex A Field Changes

In addition to the changes mentioned above, *FT DEX* fields have changed as follows:

- Amendment of descriptions of some existing fields
- Amendment of valid values for some existing fields
- Renaming certain repo-specific fields to make them more generic in the context of Term DBVs
- Addition of new components required for Term DBVs.

Refer to the change document accompanying the *FT DEX* for full details of the fields impacted.

Message Changes

For a full list of the changes, please refer to the change document, *Changes between FT DEX version 19.1 and version 20.1* on www.euroclear.co.uk under **Connectivity>File Transfer**.

Message Type	Message Name	Retained Version	New version	Obsolete version
NDDN	DBV Input	4	5	3
NDDQ	DBV Details Request	4	5	3
NDDP	DBV Details Response	4	5	3
AR PQ	Collateral Instruction List Request	None	2	1
AR PP	Collateral Instruction List Response	None	2	1
BSBQ	Stock Account Balances Request	3	4	2
BSBP	Stock Account Balances Response	3	4	2
AOCQ	Open Collateral Returns Request	n/a	1	n/a
AOCP	Open Collateral Returns Response	n/a	1	n/a
Changes added with version 2 of this Newsletter				
NTAN	Term DBV Adjustment Input	n/a	1	n/a
NTAQ	Term DBV Adjustment Request	n/a	1	n/a
NTAP	Term DBV Adjustment Response	n/a	1	n/a
NVTQ	DBV Stock Valuation Request	3	4	2
NVTP	DBV Stock Valuation Response	3	4	2
NTTQ	Term DBV Transaction Request	n/a	1	n/a
NTTP	Term DBV Transaction Response	n/a	1	n/a

Changes for users of the existing Repo Service

The following description is aimed at existing users of the Repo service. The objective is to list **the GUI and File Transfer message changes that those users MUST take account of for the launch of this software release**, to continue using the Repo service irrespective of whether they will make use of the new Term DBV service.

As some Repo related screens, file transfer messages and data elements will now also be used for Term DBVs, those will be renamed to reflect their more generic applicability resulting in:

- updated message version numbers; and
- additional and/or renamed data elements on some screens and file transfer messages.

On the GUI Transaction menu bar option, the Repo and Delivery by Value submenus will be replaced by a single submenu option Collateral Management, into which the existing submenu options below Repo and Delivery by Value will be collapsed.

Within the new Collateral Management submenu:

- The **Repo Return List** option will be renamed to **Collateral Return List**;
- The **Repo Instruction List** option will be renamed to **Collateral Instruction List**;
- The **Repo** option will be renamed to **Open/Term Repo Details**; and
- The **Repo Substitution** option will be renamed to **Substitution**.

In support of the above menu renames, the underlying screens will also be renamed and enhanced to include one or more additional fields to support Term DBVs:

- The **Repo Instruction List** screen will be renamed to **Collateral Instruction List**;
- The **Repo Instruction Amend** screen will be renamed to **Collateral Instruction Details**. Of the new fields added to this screen, the BASE COLLATERAL VALUE, LAST COLLATERAL VALUE and DIFFERENCE fields will also be populated for Repos;
- The **Repo Return List** screen will be renamed to **Collateral Return List**; and
- The existing **Stock Account Balance List** screen will be enhanced to show three balance types; **collateral in**, **collateral out** and **SCR**. The **collateral in** and **collateral out** balances will include balances out on Repo transactions and a new screen **Open Collateral Returns** will display the composition of those balances (i.e. RPRs, TDRs and DBRs).

On the Transaction Details screen the follow Repo specific attributes will be renamed as follows:

- The REPO MARGIN field on the Trans tab will be renamed to COLLATERAL MARGIN;
- The REPO RETURN DATE field on the Trans tab will be renamed to RETURN DATE; and
- The **RPR** button will be renamed to **Returns**.

The screen changes will be contained in version 26.0 of the CREST GUI that will be available to download from www.euroclear.co.uk before the software launch. This will be a mandatory GUI upgrade.

With the introduction of the Term DBV service new versions of FT messages that are currently used for the Repo service are being introduced. Details of the new versions and obsolete versions are covered in the table on the previous page. It is important to note that for ARPQ and ARPP there will no retained versions and upgrading to the new version is mandatory.

For the version number changes of the File Transfer equivalent messages, see the table in the main section above under the heading **Message Changes**.

Members should also note that in order to support the Term DBV service, there is a new restriction around the input of manual substitutions (RPS transactions). RPS instructions will only be allowed to be input during a new set of windows in the CREST Diary.

Further information

In addition to this Newsletter, further information on the changes being made in Euroclear UK & Ireland's CREST system to support the new Term DBV service are provided in the White book *Enhancing DBV functionality – New Term DBV service*.

A revised version of the *CREST Reference Manual* will be issued prior to the launch of the service.

Should you have any questions regarding the June 2011 release, please contact your relationship manager or the Euroclear UK & Ireland Client Contact Centre on +44 (0)845 9645648 or e-mail client_service_london@euroclear.com.