# CASCADE: Extension to 6 decimal places for OneClearstream-eligible securities <u>- update</u>

**Note:** This announcement, originally published on 27 September 2019, was updated to confirm the implementation date of 15 June 2020 and to reflect its scope. Changes have been highlighted.

This announcement provides <u>complementary</u> information regarding the <u>Clearstream Banking AG</u>, <u>Frankfurt</u><sup>1</sup>, enhancement in the CASCADE position management allowing 6 decimal places. <u>As announced</u>, the implementation <u>is</u> executed in two phases. The first phase providing the technical implementation in CBF went live with the November 2019 release.

The final implementation will take place on

**Monday, 15 June 2020** 

and will be effective along with the T2S Release 4.0.

# Background

Clearstream is gradually introducing an enhanced asset service management. This increases the number of <u>eligible securities in CBF for settlement on T2S</u>. The static data of such newly introduced securities is maintained in T2S and is copied to the corresponding CBF databases for securities master data to enable the use in the applications for instruction management and in CASCADE's position keeping.

CBF customers requested the extension of decimal places for securities that are introduced via OneClearstream. The purpose of the request is to avoid discrepancies between T2S and CASCADE as CBF currently truncates digits with more than three decimal places. This enhancement will support the end-to-end instruction flow with counterparties in T2S cross-border markets and the associated reconciliation.

The enhancement will not impact CBF's new issuance process (CBF in its role as Issuer CSD) or the processing of securities already issued via CBF.

## Implementation approach

CBF will focus on securities that have been established under OneClearstream for settlement on T2S and that will be included in the scope of services in the future.

ISINs allocated to the OneClearstream markets

- Are published on the Clearstream website; or
- Can be retrieved via WSS Online using the criteria "LMP-Datum ab".

The digits of the nominal defined in T2S by the Issuer CSD will be copied into the CBF databases and used in CASCADE.

This extension affects the entire securities processing chain. Against this background, the implementation takes place in two phases:

<sup>&</sup>lt;sup>1</sup> This announcement is published by Clearstream Banking AG (CBF), registered office at Mergenthalerallee 61, 65760 Eschborn, Germany, registered with the Commercial Register of the District Court in Frankfurt am Main, Germany, under number HRB 7500.

#### • Phase 1: Technical implementation in CBF <u>live since</u> November 2019

The tasks required to activate the extension to 6 decimal places <u>were</u> implemented in CBF's systems in November 2019. All CASCADE Online screens and printouts <u>were</u> delivered in updated versions.

Additionally, CBF implemented new validations <u>checking</u> the entry of decimal places against the securities master data. For this purpose, two further error messages <u>were</u> introduced:

- KV6054F Bei UNIT max 14 Stellen, mit max 10 Vor- und max 6 Nachkommastellen //
   UNIT max 14 digits, with max 10 before and max 6 after decimal point;
- KV7045F Bei FAMT max 14 Stellen, mit max 10 Vor- und max 5 Nachkommastellen // FAMT max 14 digits, with max 10 before and max 5 after decimal point.

# • Phase 2: Activation of the entry of up to 6 decimal places on 15 June 2020

The input media will be opened for instruction management with the extended decimal places for customers from 15 June 2020. From this time onwards, it will be possible to provide instructions with up to 6 decimal places for OneClearstream-eligible securities. Customers acting in ICP and / or DCP mode will be able to enter a nominal value with up to 6 decimal places in instructions. These decimal places will be included in the corresponding settlement reporting so that the nominal value specified by customers or counterparties can be precisely identified and the position reconciled with the Issuer CSD can be retrieved in CASCADE's position management.

The enhancement to enter up to 6 decimal places is only possible for securities that are eligible for settlement on T2S via OneClearstream and is implemented for the related business processes. This means that the following CBF instruction types (AAO1 and AAO2) can be used:

- CCP instructions;
- OTC instructions Domestic;
- OTC instructions Cross-border;
- T2S Settlement Allegements;
- T2S Realignment Instructions;
- TEFRA D Release<sup>2</sup>:
- Partial / Full Rights<sup>2</sup>.

The sections below describe the details of the various CBF services affected by the extension:

- CASCADE Online Functionality (HOST / PC);
- CASCADE Print Reports;
- CBF's automated connectivity channels;
- Taxbox;
- DCP connectivity.

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 $<sup>^{\</sup>rm 2}$  This instruction type is only applicable in ICP mode.

# **CASCADE Online functionality (HOST / PC)**

Basically, the layout of the CASCADE screens remains unchanged. According to the implementation approach, if more than three decimal places are required, the decimal point moves gradually ("floating comma") to enable the space for the additional decimal places.

Already with the Release in November 2019, the layouts <u>were</u> adapted. However, the display of up to 6 decimal places will be activated with Phase 2, as up to this point only a maximum of 3 decimal places can be entered.

This principle applies to the following HOST masks with the specified transactions (TRAN) and associated functions (FC) as well as to the CASCADE-PC screens:

HOST Funktionalität	HOST TRANS / FC	PC Functionality	PC Screen
Auftragsstatus		Pending instructions	
Auftragsabwicklung – Information im Auftragsstatus	KVAI / AA KVAI / AN KVAI / AR KVAI / AD KVAI / MA KVAI / MI	OTC pending instructions	Information
Auftragsabwicklung – Information im Auftragsstatus	KVAI / HA	OTC pending instructions	Instruction history
Auftragsabwicklung – Änderung / Löschung im Auftragsstatus	KVAA / MA KVAA / ML KVAA / AA KVAA / LM	OTC pending instructions	Modify / delete
Auftragsabwicklung – Settlementdienst im Auftragsstatus	KVAS / IA KVAS / II KVAS / SA KVAS / SI KVAS / FA KVAS / FI	OTC pending instructions	Block / unblock
Auftragsabwicklung – Link Dienst im Auftragsstatus	KVAL / LC	OTC pending instructions	Link-service, CASCADE only
Auftragsabwicklung – Match Dienst im Auftragsstatus	KVAM / MA KVAM / MI	OTC pending instructions	Match service

HOST Funktionalität	HOST TRANS/FC	PC Functionality	PC Screen
Erfassungsstatus		Instruction entry	
Wertpapierübertrag – Erfassung	KVEE / WE KVEE / MI KVEE / WM	OTC enter instructions	Delivery or receipt
Auftragsabwicklung – Änderung / Löschung im Erfassungsstatus	KVEA / AN KVEA / AT KVEA / AF KVEA / LN KVEA / LF	OTC unverified instructions	Modify or delete

HOST Funktionalität	HOST TRANS / FC	PC Functionality	PC Screen
Auftragsabwicklung – Information im Erfassungsstatus	KVEI / AA KVEI / AF KVEI / NR KVEI / PN KVEI / LK KVEI / GK	OTC unverified instructions	Display
Auftragsabwicklung – Kontrolle im Erfassungsstatus	KVEK / VA KVEK / VN KVEK / VP KVEK / VL KVEK / VG KVEK / TA KVEK / TN KVEK / TP KVEK / TL KVEK / TG	OTC unverified instructions	Verify

Securities <u>movements and positions</u> are presented differently: The current standard comma position remains unchanged ("fixed comma"). However, the layout of the screen is adapted so that up to 6 decimal places can be displayed.

HOST Funktionalität	HOST TRANS / FC	PC Functionality	PC Screen
<u>Umsatzanzeige –</u> <u>Depotumsätze Inland³</u>	KVDU / ID	Movements / positions	Booked movements
Depotbestandsanzeige	KVBA / BB	Movements / positions	Positions, final positions

# **CASCADE Print Reports**

The comprehensive CBF Settlement Reporting is available in a printable version (Print Report) via Connect:Direct, NJE, HOB FT, CBF Fileservice and CA spool:

- CASCADE reports
  - Depottagesauszug (DU124001):
    - At the end of the day for a value date, the statement of holding will be printed for each account master and ISIN.
  - Depotbuch (Monatskontoblatt) (DU123001):
    - At the end of the month, the position movements are documented with an updated balance for each account.
  - o Jahresdepotauszug (KA173001 und KA173002):
    - CBF issues a statement for each account at the end of the year (31 December). This statement shows the positions held at CBF for each ISIN.
  - Regulierungslisten und zugehörige Statstiken (DU127001, DU127002, DU127003, DU127004, DU127007, DU127008, DU127009, DU127010):

<sup>&</sup>lt;sup>3</sup> The layout of "Umsatzanzeige" (Movements / positions) is the same for all custody types, that is, the statement follows the definition of securities settled with OneClearstream through T2S.

These reports show the movements for OTC- and Stock Exchange transactions in Euro or foreign currency.

The print format of the above-mentioned reports <u>will be changed</u> with Phase 2. The layout will change in November 2019. The columns containing information about the nominal will be enlarged to create enough places for the nominal.

- CASCADE lists related to the instruction management of securities
  - o AN CBF/T2S GUELTIG ERTEILTE AUFTRAEGE (KV102001)
  - o AN CBF/T2S GUELTIG ERTEILTE AUFTRAEGE HIST. (KV102002)
  - o BISHER OHNE FREIGABE AN CBF (KV102006)
  - VON CBF/T2S ZUM 1. MAL GEWARNTE AUFTRAEGE (KV102007)
  - o VON CBF/T2S ZUM 2. MAL GEWARNTE AUFTRAEGE (KV102008)
  - o FUER SIE EINGESTELLTE MATCHAUFTR./ -INSTR. (KV133001)
  - o AUFTRAEGE MIT FEHLERHAFTEM MATCH-STATUS (KV140001)

In the above-mentioned lists, the nominal value can be shown with a floating comma. This means that the decimal point moves to the left, as the additional decimal places require. Therefore, it is possible to display 8-11 digits before the decimal point and up to 6 digits after the decimal point. If sums are displayed in the lists, 15 digits before the decimal point and 6 digits after the decimal point can be displayed in future.

# **CASCADE Batch Listen Depotbestand**

Die CASCADE HOST functionality "Depotbestandsabfrage" (TRAN: KVAB / FC: AE or AD) offers customers the option to release a print report for holdings:

- Bestandsliste (KV101); and
- Depotauszug (KV126).

The above-mentioned jobs will **not** be prepared to display the extended decimal places in these print reports.

CBF will decommission the CASCADE Online functionality related to the "Depotbestandsabfrage" on 15 June 2020. Customers in operational business are asked to implement an alternative print format from the existing comprehensive CBF Settlement Reporting. The reporting via Xact Web Portal can be used to retrieve positions that are held in collective safe custody (CSC) or OneClearstream eligible. Via Xact GUI position statements can be downloaded as CSV file. The report can be defined for a current business day with the options intraday (at various times in complete or delta mode) and end of day. More details are available in the Appendix.

# CBF's automated connectivity channels

Customers acting in ICP mode can choose between different automated connectivity channels. The options are SWIFT (via SWIFTNet Fin), MQSeries (MQ) or File Transfer (FT).

From 15 June 2020, the extension of the decimal places affects the format description and therefore also the processing of messages. Securities included in the scope of OneClearstream can be displayed with up to six decimal places. CBF will precisely display the decimal place. This means that up to six decimal places can be displayed. If <a href="fewer">fewer</a> decimal places are required, these will not be filled with subsequent "zeros" as today. The reporting of the nominal of CBF-issued securities (CBF in its role of Issuer CSD) remains unchanged.

On the basis of the current SWIFT ISO 15022 standard, the field "nominal" is defined with 15 bytes (= 15 digits including the floating comma). This means, if necessary, the decimal point is shifted

gradually to the left to allow sufficient decimal places. At the same time, the number of possible places before the decimal point is reduced.

Based on the hypothetical case that the holdings do not comply with the ISO 15022 convention, a nominal of more than 15 characters must be truncated. CBF will use the procedures defined by T2S. Thus, the last decimal places will be shortened if the defined format is not adhered to.

The following message types (MT) are affected by the modification:

• MT535 - Statement of Holdings

o TAG: 93B

Field: Aggregated Balance

o Definition: Nominal

o Format: AGGR//4!c/[N]15d

Syntax: 15d (including the floating comma)

MT536 - Statement of Transactions; and

MT537 - Statement of Pending Transactions (OTC)

o TAG: 36B

Field: Posting Quantity

o Definition: This field specifies the quantity that was credited or debited.

Format: PSTA//4!c15d

Syntax: 15d (including the floating comma)

MT530 Transaction Processing Command (OTC);

• MT540 - 543 Settlement Instructions (OTC);

MT548 Settlement Status and Processing Advice;

MT578 Settlement Allegements; and

• MT586 Statement of Allegements

o TAG: 36B

Field: Quantity of Financial Instrument to be Settled

Definition: This field specifies the quantity of financial instruments involved in the

securities transaction.

o Format: SETT//4!c15d

Syntax: 15d (including the floating comma)

MT544 - 547 Settlement Confirmations (OTC)

o TAG: 36B

o Field: Quantity of Financial Instrument Settled

o Definition: This field specifies the quantity of financial instruments involved in the

securities transaction.

o Format: ESTT//4!c15d

Syntax: 15d (including the floating comma)

TAG: 36B

o Field: Quantity of Financial Instrument Previously Settled

o Definition: This field specifies the quantity of financial instruments involved in the

securities transaction.

o Format: PSTT//4!c15d

Syntax: 15d (including the floating comma)

o TAG: 36B

o Field: Quantity of Financial Instrument Remaining to be Settled

o Definition: This field specifies the quantity of financial instruments involved in the

securities transaction.

o Format: RSTT//4!c15d

Syntax: 15d (including the floating comma)

#### **Taxbox**

The Taxbox Service will be prepared for the processing of up to 6 decimal places. With the implementation on 15 June 2020, the "Anschaffungsmenge" or the "Gesamtübertragungsmenge" can be transferred within a Taxbox data set for securities that are eligible for settlement on T2S via OneClearstream. The transaction "TBDA" of the CASCADE Online functionality (HOST) will be adapted at the same time.

The relevant Taxbox documentation will be updated for the implementation and published on the <u>Clearstream website</u> in due time. This includes the data field document, <u>the "Beschreibung zum Mapping und zum Datenaustausch"</u>, the applicable Connectivity Handbook and also the <u>"XML Schema Definitionen"</u> [file description].

The following table<sup>4</sup> is an excerpt of the "Taxbox Datenfelddokument" and reports the amendments in the column "Kommentar":

Feld-Nr.	Feldbeschreibung	Kommentar
<u>21</u>	Anschaffungsmenge  Nominale des jeweiligen Geschäfts (Teilmenge von Gesamtübertragungsmenge).	Das Format ändert sich von 13,5 (13 Vorkomma- und 5 Nachkommastellen) auf 12,6 (12 Vorkomma- und 6 Nachkommastellen). Weiterhin sind nur positive Werte und nicht "0" gültig.
<u>W3</u>	Gesamtübertragungsmenge  Hierbei handelt es sich um die gesamte Menge aus der Lieferung der Stücke, auch wenn mehrere Nachrichten aufgrund der hohen Anzahl von Einzelanschaffungen d. h. Wiederholsequenzen erstellt und versendet werden müssen.	Das Format ändert sich von 13,5 (13 Vorkomma- und 5 Nachkommastellen) auf 12,6 (12 Vorkomma- und 6 Nachkommastellen). Weiterhin sind nur positive Werte (größer null) zulässig.

<sup>4</sup> As the Taxbox documentation is available in German only, this table has not been translated.

Customers using the Taxbox service are kindly requested to update the XML Schema File for the upcoming release. With the introduction of the release, customers need to prepare their systems for the reporting of up to six decimal places in the CBF reporting.

# **DCP** connectivity

The T2S Settlement Platform was designed based on the ISO 20022 standard for message exchange. T2S specifies the field to record the nominal of a security ("Financial Instrument Quantity") that are issued in units with the "Type = DecimalNumber" as follows:

In the T2S Settlement Reporting, the corresponding decimal places are shown according to the nominal recorded in a Securities Settlement Transaction Instruction (sese.023).

Customers acting in DCP mode and currently potentially observe deviations in the reporting provided by CBF and T2S will see the benefits of the extension of the decimal places in CASCADE in reconciliation activities.

#### **Cutover activities**

On 15 June 2020, the system activation for the input media will take place. At the same time, modifications of positions will be executed to allow the reporting of up to 6 decimal places. Based on the daily reconciliation for holdings between T2S and CBF, CBF can precisely determine in which T2S Security Accounts (SACs) the booking of fractions is required.

CBF will create instructions (AA99, Free of Payment (FoP)) and the settlement will be included in the CBF Settlement Reporting. In the free-text field, <u>CBF Operations</u> will <u>add the remark "Credit of fractions</u>, see <u>D19044"</u> that the fraction was credited due to the extension of the decimal places. Customers acting in DCP mode will not receive any related settlement reporting from T2S, as this adjustment is only required in the CBF deposit ledger.

#### **Customer simulation**

Customers will have the opportunity to enter test cases in the CBF Customer Simulation environment (IMS23) with regard to the extension of the decimal places.

From 4 May to 12 June 2020, a "Guided Simulation" will take place. CBF will establish a dedicated ISIN in close cooperation with an Issuer CSD for the test. Further information on the participation in this simulation will be published in the Customer Simulation Guide.

#### Contact

Please contact our Client Services teams for questions regarding the functionality. Questions related to the technical connection can be addressed to our Connectivity Support teams. Particular questions related to the extension of the decimal places will be routed to the experts of the T2S Settlement Functionality team.

# **Appendix**

# A. Sample layout for presentation of "fixed comma"

TRAN:	FC: SB:				
DEPOTBESTANI	DSANZEIGE	DEPOTBUCHBESTAND	SEITE &&&		
KONTO/BIC:		\$			
SAC :	8 8 8 8 8 8 8 8 8 8 8 8	33333333333333333333333333333			
WKN VON :		8 & & & & & & & & & & & & & & & & & & &	\$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$		
WKN BIS :		VALUTA:	_ &&&&&&&&		
KZ KONTO		EINH BUCHBESTAND			
- % & & & & & & & & & & & & & & & & & &	33333333333	&&&& 12.345.678.901.234,12345	56 &&&&&&&		
888 888	888888888888	&&&&	8 & 8 & 8 & 8		
_ &&&& &&&	& & & & & & & & & & & & & & & & & & & &	&&&&	8888888		
888 888	8888888888888	&&&&	888888888		
888 888	333333333333	&&&& 1.000	88888888		
_ &&&& &&&	333333333333	8 & 8 & 8	8888888		
&&&& &&&&	& & & & & & & & & & & & & & & & & & & &	& & & &	& & & & & & & &		
&&&& &&&&	333333333333	& & & &	& & & & & & & &		
333 333	33333333333	& & & &	& & & & & & & & &		
- &&&& &&&	33333333333	& & & &	&&&&&&&		
ID-KZ: _	I	PW: &&&&&&&	&&&&&&& &&&&&&		
88888888888	3333333333333	3 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2	388888888888888888888888888888		
3333333333	3333333333333	322222222222222222222222222222222222222	3333333333333333333333333333333333		

# B. Sample layout for presentation of "floating comma"

TRAN:	FC:	SB:				
AUFTF	AGSABWICKLUNG			AUFTRAEGE /		ERFASSUNGSSTATUS
						SEITE &&&
K PRI	M AUFTNR	LAST	GUT	WKN	NOMINALE	GEGENWERT
8 & &	& &&&&&&&&&	8 8 8 8	3 & & & 2	888888888888	12345678,123456	3333333333333333333333333
8 & &	& & & & & & & & & & & & & & & & & & & &	8 & & & &	3 3 3 3	333333333333333	123.456,123456	& & & & & & & & & & & & & & & & & & & &
& & &	& &&&&&&&&	8 & & & &	3 3 3 3	3333333333333	1,123456	& & & & & & & & & & & & & & & & & & & &
& & &	& &&&&&&&&	8 8 8 8	3 3 3 3	333333333333	1,12345	& & & & & & & & & & & & & & & & & & & &
8.8.8	3333333 3	8 & & & &	3 & & & 2	3333333333	1,1234	88888888888888888888888
8.8.8	3333333 3	8 3 3 3 3	3 3 3 3	33333333333	1,123	88888888888888888888888
8.8.8	3333333	8 & & & &	3 & & & 2	3333333333	1,12	88888888888888888888888
8.8.8	3333333 3	8 & & & &	3 & & & 2	33333333333	1,1	333333333333333333333333
8 & &	3333333 3	3 3333	3 & & & 2	33333333333	1	88888888888888888888888
8.8.8	3333333 3	8 & & & &	3 & & & 2	33333333333	10	333333333333333333333333
& & &	3333333 3	8 & & & &	3 & & & 2	33333333333	123.456	333333333333333333333333
& & &	3333333 3	8 & & & &	3 & & & 2	33333333333	1234567.890	333333333333333333333333
II	-KZ:	I	₽W:		&&&&&&& &&	3333333 333333
8.8.8.8	33333333333333	8 & & & & & & &	3 & & & & &	88888888888888	3333333333333333333	33333333333333333333333333
8.8.8.8	33333333333333	8 & & & & & & &	3 & & & & &	88888888888888	33333333333333333333	3333333333333333333333333

## C. Sample for generation of position statement via Xact GUI







