Request raised by: ECB	**Institute:** ECB	**Date raised:** January 2023
1. **Request title:** Running average calculation including non-business days in EUR		**Request ref. no:** CSLD-0120-URD

Request type: Common	
1. Legal/business importance parameter:	**2. Market implementation efforts parameter – Stakeholder impact:**
3. Operational impact:	**4. Financial impact parameter:**
5. Functional/ Technical impact:	**6. Interoperability impact:**
Requestor Category: L2	**Status:** Approved

Reason for change and expected benefits/business motivation:

There is currently an inconsistency between the different T2 Scope Defining Documents (SDD) regarding the minimum reserve query, especially on the calculation of the running average. This inconsistency has resulted into an inconsistent software implementation which follows the CLM URD approach which is different from the CLM UDFS.

According to the CLM URD, the minimum reserve query result shall include the running average balance up to the previous business day. This means for example that the running average displayed on business day Monday includes up to the Friday's balance. Saturday and Sunday balances which are reported from the Friday's balance, are not included.

The CLM UDFS however, folllows a different approach. It specifies that the running average is calculated as the arithmetic mean of the accumulated balances from the first business day of the current maintenance period until the day before the next business day (i.e. on Friday the running average is calculated including Saturday and Sunday with Fridays balance).

Based on INC000000357162, the TSWG has been consulted and it was confirmed that the CLM UDFS approach is the one preferred by L2 which is in line with the current TARGET2 behaviour.

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Description of requested change:

This change request introduces a consistent approach between the different SDDs on one side and the software on the other side, using the CLM UDFS approach as the baseline. i.e. the running average will be calculated as the arithmetic mean of the accumulated balances from the first business day of the current maintenance period until the day before the next business day (i.e. on Friday the running average is calculated including Saturday and Sunday with Fridays balance).

This means that the CLM URD need to be amended in order to align their approach to the UDFS.

It is envisaged that the change request is implemented in PROD in R2023.JUN and its cost will be borne by the 4CB. The envisaged software change is restricted to an update of the running average calculation in CLM and no changes to RTGS/Common components are done based on this CR.

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Submitted annexes / related documents:

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Proposed wording for the Change request:

URD

Id	CLM.UR.CLM.UI.040
Name	Query Minimum Reserve
Description	CLM shall provide the functionality to query the minimum reserve information. The user can query within his data scope, which is determined by the Party BIC and the MCA number (Party BICs and MCA numbers in case of a Central Bank as a user). In case the user is the MFI leader or a Central Bank, the user shall be able to specify whether the query shall return all attributes for this Party BIC as a MFI leader or as a MFI member. The query shall return all business attributes of the minimum reserve requirement for the specified Party (MFI leader or MFI member) including its fulfilment for the current maintenance period, including: • Party BIC • Party Name • MCA/DCA number • Current Maintenance Period • Value of required Minimum Reserve • Value of threshold between the exempt and non-exempt tiers of excess reserve (i.e. value of required minimum reserve times the relevant multiplier) • End of Day balances of the previous business day • Running average balance up to the ~~previous~~ day before the next business day • Value of Running Average (the value of running average to fulfil the minimum reserve requirement calculated at the end of the previous day) • Adjustment Balance the amount that is needed at the end of each day in order to fulfil the reserve requirement • Consolidated position (on MCA(s) and DCA(s)) (current position)

Id	CLM.CB.UR.CBS.MRERM.010.020
Name	Calculate global End of Day balance and running average
Description	CBS shall calculate for each Party the global End of Day balance of the previous business day (which is the sum of the End of Day balances of the accounts to be included in the minimum reserve and excess calculation, but potentially reduced by the credit line usage on the respective MCAs) as well as the running average of the Party's global End of Day balance up to the ~~previous~~ day before the next business day.

High level description of Impact:

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Impacts on other projects and products:

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Outcome/Decisions:

			Process	User Interaction	Business Data Definition	Non-functional Requirements
CENTRAL LIQIDITY MANAGEMENT (CLM)	GENERAL	CLM Payment Order				
		CLM Liquidity Transfer Order				
		CLM Liquidity Reservation				
	CENTRAL BANK SERVICES	Modify Credit Line				
		Connected Payments				
		Overnight Deposit				
		Marginal Lending				
		Minimum Reserve Management	x			
		EoD General Ledger Files				
REAL-TIME GROSS SETTLEMENT (RTGS)	GENERAL	RTGS Payment Order				
		Queue Management				
		RTGS Liquidity Transfer Order				
		RTGS Liquidity Reservation				
		RTGS Services for Ancillary Systems (AS)				
	CB SER-VICES					
COMMON	GENRAL	ESMIG				
		CRDM				
		Business Day				

		User Roles and Access				
		Information and Reporting				
		Data Warehouse Services				
	CENTRAL BANK SERVICES	Billing				
		Legal Archiving				
		Contingency Settlement				
4CB internal categories		Operational Tools				
		Automation				

Impact on major documentation		
Document	**Chapter**	**Change**
Impacted UDFS chapter		N/A only URD change
Additional deliveries for Message Specification/ MyStandards		
UHB		
External training materials		
Other impacted documentation		
Impacted GDPR message/ screen fields		
Other documentations		
Links with other requests		
Links	Reference	Title

Summary of functional, technical, operational, stakeholder, financial and interoperability impacts

CLM:
As agreed by level2 the URD will be updated and the calculation of the running average will be done as outlined in the UDFS (5.5.3 Daily calculations)

Running average: Calculated as the arithmetic mean of the accumulated balances from the first business day of the current maintenance period until the day before the next business day (i.e. on Friday the running average is calculated including Saturday and Sunday with Fridays balance).

Impact on other TARGET Services and projects

T2S: no impact

TIPS: no impact

ECMS: no impact

TARGET2: na

Summary of project risk

None

Security analysis
No potentially adverse effect was identified during the security assessment.