

<b>GOV #:</b>	GOV076-15
<b>Date:</b>	September 21, 2015
<b>To:</b>	Government Securities Division Members
<b>Category:</b>	Service Updates
<b>Subject:</b>	URGENT REMINDER: GSD Settlement Optimization Initiative Testing

**Background**

The Government Securities Division (“GSD”) of the Fixed Income Clearing Corporation (“FICC”) is proposing to change the logic for determining which clearing bank (The Bank of New York Mellon (“BNY Mellon”) and J.P. Morgan Chase (“JPM Chase”)) a netting member (“Member”) must deliver its obligations to, and receive its obligations from, as applicable. This change will increase settlement efficiency.

**Testing of GSD Settlement Optimization Initiative**

On August 12, 2015, DTCC published an Important Notice GOV059-15 containing details on the member test approach and specifying testing test. The notice stated that all firms are required to test the new logic in order to ensure that it will not adversely impact the settlement of member’s deliver and receive obligations with GSD. It also stated that once testing is complete each member is asked to send an email confirmation to its GSD Relationship Manager.

**Extension of Testing Period**

The testing period of GSD Settlement Optimization Initiative was scheduled to end on Friday, September 18, 2015. GSD has made a decision to extend testing until Friday, October 2, 2015.

For those firms who have not yet completed testing GSD is requesting that the following steps be taken immediately:

- Review prior Important Notices mentioned in this notice to obtain background information on this initiative.
- Obtain access to PSE region of RTTM’s Report Center in order to download required test files. For links to PSE region of RTTM please contact your GSD Relationship Manager. For password reset related questions please contact FICCSUPPORT@DTCC.COM.
- Contact your service bureau to coordinate testing.

There are five test files generated daily in the PSE region of RTTM:

- MRO18\_80\_ *BusinessDate\_BusinessDate.txt*. This is an end of day obligations report in the MRO 80 byte format to be used for the end of day testing.
- MRO18\_240\_ *BusinessDate\_BusinessDate.txt*. This is an end of day obligations report in the MRO 240 byte format to be used for the end of day testing.
- MT548\_ *BusinessDate\_BusinessDate.txt*. This is an end of day obligations report in the SWIFT format to be used for the end of day testing.
- MT548\_INTRADAYSUBS\_ *BusinessDate\_BusinessDate.txt*. This is SWIFT format MT548 test file to be used for testing of intraday repo substitutions.
- MT518\_ *BusinessDate\_BusinessDate.txt*. This is SWIFT format MT518 test file to be used for testing of intraday repo substitutions.

All of the test files contain the same obligations. Members should test with those files which are used in their system.

### **Affirmation of testing**

Upon completion of the test, GSD requires that every member sends in a written affirmation to their GSD Relationship Manager which should contain the following:

1. Results of the test.

For start of day obligations creation test choose one of the three responses:

- a. All test cases passed. All settlement instructions matched.
- b. All test cases passed. Some settlement instructions on the receive obligations did not match but we are relying on the mnemonic suppression.
- c. Some or all test cases failed. Provide an estimate on time required to implement a fix

For intraday obligations creation test choose one of the five responses:

- a. All test cases passed. All settlement instructions matched.
- b. All test cases passed. Some settlement instructions on the receive obligations did not match but we are relying on the mnemonic suppression.
- c. Some or all test cases failed. Provide an estimate on time required to implement a fix
- d. We manually create obligations for intraday substitutions
- e. We do not perform intraday substitutions

2. If you have tested with a services bureau please state that.

### **Additional Information Provided via Related Important Notices**

- GOV045-15, published on June 22, 2015  
<http://dtcc.com/~media/Files/pdf/2015/6/22/GOV045-15.pdf>
- GOV059-15, published on Aug 12, 2015  
<http://dtcc.com/~media/Files/pdf/2015/8/12/GOV059-15.pdf>

If you have any questions regarding this initiative or to send in the successful testing affirmation, please contact your GSD Relationship Manager, or contact the undersigned at 212-855-5226 or [bsolovey@dtcc.com](mailto:bsolovey@dtcc.com).

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