



EUROPEAN CENTRAL BANK

EUROSYSTEM

T2S CHANGE REQUEST FORM		
<b>General Information (Origin of Request)</b> <input type="checkbox"/> User Requirements (URD) or GUI Business Functionality Document (BFD) <input checked="" type="checkbox"/> Other User Functional or Technical Documentation (SYS)		
<b>Request raised by:</b> Clearstream	<b>Institute:</b> CSD	<b>Date raised:</b> 06/03/2024
<b>Request title:</b> T2S should submit partially released instruction to settlement independent from T2S partial settlement windows		<b>Request No.:</b> T2S 0827 SYS
<b>Request type:</b> Common	<b>Classification:</b> Scope Enhancement	<b>Urgency:</b> Fast-track <sup>1</sup>
<b>1. Legal/business importance parameter:</b> High <sup>2</sup>	<b>2. Market implementation efforts parameter:</b> Low <sup>3</sup>	
<b>3. Operational/Technical risk parameter:</b> Low <sup>4</sup>	<b>4. Financial impact parameter:</b> (provided by 4CB) <sup>5</sup>	
<b>Requestor Category:</b> CSD		<b>Status:</b> Authorised at T2S Steering Level

#### Reason for change and expected benefits/business motivation:

With partial settlement and partial release logic, T2S has two efficient mechanisms in place to increase settlement efficiency, and to reduce the number of fails and penalties.

In case of partial release, the delivering party can apply partial release at any point in time in the RTS processing. T2S will immediately apply the partial release to the instruction. However, the settlement of such partially released instruction will only be attempted in the next partial settlement window.

During the RTS period, partial settlement windows are scheduled every two hours, at 8:00, 10:00, 12:00, 14:00 and prior to the DVP cutoff. This implies that - *depending on when it was partially released* - a partially released instruction might have to wait almost two hours until it is attempted for settlement. Moreover, the receiving party experiences the same delay until the securities are eventually settled and can be re-used by the receiving party, e.g., to support another partial release activity.

This delay shall be removed by adapting the settlement process of a partially released instruction so that instructions which are partially released are attempted for settlement immediately after the partial release request was executed. This settlement attempt shall be made if instructions are eligible for settlement. It shall no longer be limited to partial settlement windows only, but it shall be attempted even outside of, and in fact independently from the T2S partial settlement windows.

This change will reduce turnaround time for partial release significantly, it will enable more efficient re-use of the securities by the receiving party, and it will enhance settlement efficiency.

#### Description of requested change:

The settlement process of a partially released instruction shall be adapted as follows:

- When a partial release request was successfully executed by T2S, then the partially released instruction shall be immediately submitted to the settlement process.
- As soon as the settlement engine receives such a partially released instruction, the eligibility check and the provision check shall be triggered. This is independent from whether there is currently an active partial settlement window on T2S or not.
  - The eligibility check shall consider a partially released instruction eligible for settlement of the

<sup>1</sup> Fast-track justification: A fast-track approach is requested since it is expected that with this change the settlement efficiency is improved, what will have a positive effect on the business of the CSDs and NCBs and therefore it is needed urgently.

<sup>2</sup> Legal/business importance parameter was set to "HIGH" as the change has a positive impact onto settlement efficiency.

<sup>3</sup> Market implementation effort parameter was set to "LOW" as the change does not require implementation efforts on the T2S Actor's side.

<sup>4</sup> Operational/technical risk parameter was set to "LOW" as the change does not introduce new features or processes.

<sup>5</sup> Low < 100kEUR < Low-Medium < 200 kEUR < Medium < 400kEUR < High < 700kEUR < Very high

- partially released quantity even outside of a T2S partial settlement window.
- The provision check shall be applied for the partially released quantity and, if applicable, for the corresponding cash amount on a pro rata basis.
  - If enough resources are available for the settlement, then the partially released instruction is settled for the partially released quantity. This settlement can occur also outside of T2S partial settlement windows.
  - If insufficient resources are available for the settlement of the partially released quantity, then the partially released instruction shall be recycled, i.e., it shall be re-attempted for settlement according to the T2S recycling logic.
    - If such recycling occurs outside of a T2S partial settlement window, then either the complete partially released quantity settles, or there is no settlement at all.
    - If such recycling occurs during a T2S partial settlement window, then there might also be partial settlement of the partially released quantity.

Settlement process shall be adjusted accordingly, in particular:

- the conditions when a partially released instruction is considered eligible for settlement – in the future it shall be eligible also outside of partial settlement windows, and
- the way how such partially released instruction is settled outside of the partial settlement window – only the partially released quantity can settle outside of the partial settlement window. If this settlement is not successful, the partially released instruction is recycled.

During a partial settlement window, the settlement logic for partially released instructions shall remain unchanged, i.e., same logic to be applied as today.

**Submitted annexes / related documents:**

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**Outcome/Decisions:**

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\*CRG on 24 April 2024: the CRG agreed to recommend CR-0827 for authorisation by the T2S Steering Level, following a fast-track approach.

\*AMI-SeCo on 7 May 2024: the AMI-SeCo agreed with the CRG recommendation of CR-827 for T2S Steering Level authorisation.

\*CSG on 7 May 2024: the CSG agreed to authorise CR-827.

\*NECSG on 7 May 2024: the NECSG agreed to authorise CR-827.

\*MIB on 8 May 2024: the MIB agreed to authorise CR-827.

**Documentation to be updated:**

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**Preliminary assessment:**

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**Detailed assessment:**

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