



EUROPEAN CENTRAL BANK
EUROSYSTEM

T2S CHANGE REQUEST FORM		
General Information (Origin of Request)		
<input type="checkbox"/> User Requirements (URD) or GUI Business Functionality Document (BFD) <input checked="" type="checkbox"/> Other User Functional or Technical Documentation (SYS)		
Request raised by: Clearstream	Institute: CSD	Date raised: 12/06/2024
Request title: T2S should enable PFOD as parameter for case 2 restrictions on securities		Request No.: T2S 0831 SYS
Request type: Common	Classification: Scope Enhancement	Urgency: Normal
1. Legal/business importance parameter: Medium ¹		2. Market implementation efforts parameter: Low ²
3. Operational/Technical risk parameter: Low ³		4. Financial impact parameter: Low-medium (provided by 4CB) ⁴
Requestor Category: CSD		Status: Authorised by Steering Level

Reason for change and expected benefits/business motivation:

T2S supports an extended list of parameters to define case 1 and case 2 restrictions, including the option to use the parameter "Securities Movement Type" (see UDFS, section 1.2.1.7, table 6):

TABLE 6 - RESTRICTION TYPE PARAMETER TYPES (CASE ONE AND CASE TWO)

PARAMETER TYPE	DESCRIPTION	CASE
...
Securities Movement Type	It specifies the type of securities movement. The exhaustive list of possible values is as follows: <ul style="list-style-type: none"> • DELI (deliver) • RECE (receive) • ZERO (settlement quantity is null) 	1 and 2
...

Whereby ZERO is explained as follows:

- This value is not a type of securities movement for Settlement Instructions per se. If a rule is configured with this value, it is satisfied by all targeted Settlement Instructions with Settlement Quantity equal to zero (i.e. PFoD), regardless their Securities Movement type (DELI or RECE)

However, the parameter type 'Securities Movement Type' is supported only for case 2 restrictions on securities accounts or parties. But it cannot be used within case 2 restrictions on securities:

TABLE 8 - APPLICABLE RESTRICTION PARAMETER TYPE AND OBJECT RESTRICTION TYPE (CASE TWO)

RESTRICTION PARAMETER TYPE	OBJECT RESTRICTION TYPE				
	SECURITIES (ISIN)	SECURITIES ACCOUNT	T2S DEDICATED CASH ACCOUNT	EXTERNAL RTGS ACCOUNT	PARTY
Securities movement type (receive or deliver)	No	Yes	No	No	Yes
...

However, there is a demand to configure case 2 restrictions which restrict settlement in an ISIN to PFODs only, e.g., for matured securities where normally only PFODs for market claims and transformations into cash are still

¹ Legal/business importance parameter was set to "MEDIUM" as the change allows more specific case 2 restrictions on securities, and thus positively impacts business operations of CSDs.

² Market implementation effort parameter was set to "LOW" as the change is optional for T2S Actors.

³ Operational/technical risk parameter was set to "LOW" as the change does not introduce new features or processes. Instead, it streamlines existing processes.

⁴ Low < 100kEUR < Low-Medium < 200 kEUR < Medium < 400kEUR < High < 700kEUR < Very high

allowed to settle after the security was redeemed.

The logic for case 2 restrictions on securities shall be adjusted so that the parameter *Securities Movement Type*, in particular the parameter value ZERO, can also be used in case 2 restrictions on securities.

Description of requested change:

Parameter "*Securities Movement Type*", in particular the parameter value ZERO, shall be made available as parameter to define case 2 restrictions on securities.

TABLE 8 - APPLICABLE RESTRICTION PARAMETER TYPE AND OBJECT RESTRICTION TYPE (CASE TWO)

RESTRICTION PARAMETER TYPE	OBJECT RESTRICTION TYPE				
	SECURITIES (ISIN)	SECURITIES ACCOUNT	T2S DEDICATED CASH ACCOUNT	EXTERNAL RTGS ACCOUNT	PARTY
Securities movement type (receive, or deliver or zero)	Yes No	Yes	No	No	Yes
...

Submitted annexes / related documents:

Outcome/Decisions:

*CRG on 3 July 2024: the CRG agreed to launch the preliminary assessment of CR-0831.

*CRG on 16 October 2024: the CRG agreed to recommend CR-0831 for authorisation by the T2S Steering Level.

*CSG on 31 October 2024: the CSG agreed to authorise CR-0831.

*NECSG on 31 October 2024: the NECSG agreed to authorise CR-0831.

*MIB on 4 November 2024: the MIB agreed to authorise CR-0831.

Documentation to be updated:

Preliminary assessment:

Preliminary assessment:

Findings:

- **Impacted Modules: CRDM, SETT**
- **Financial impact: Low-medium**
- **Dependencies: No impact on other Eurosystem Services (T2, TIPS) or projects (ECMS)**
- **Risks: No risks identified during preliminary assessment**

Amendment of CRDM object Restriction Type Rule in order to allow the use of restriction parameter type "Securities movement type" for object restriction type "Securities". Attribute domain "Restriction Type Parameters" for the allowed values of the "Securities movement type" is not impacted since values RECE, DELI and ZERO are currently allowed. Business Rules DRCX007 and DRUX008 must be amended allowing also Parameter Type "Securities Movement Type", together with "Securities Transaction Type" and "Party", for Object Restriction Type "Securities".

To enable using case 2 restrictions on securities when it comes to securities movement type it will be necessary to modify the intraday restrictions management on SETT side, as well as to assure that securities movement type PFOF is accepted for this type of restrictions.

- **Open issues/ questions to be clarified by the originator:**

Please confirm that the restriction processing types applicable to the object restriction type "Securities" do not change with this change request.

- **Provided answer by the CR raiser to the question from the preliminary assessment:**

The CR raiser has clarified that the restriction processing types applicable to the object restriction type "Securities" do not change with this change request. The intended restriction processing type for case 2 restrictions on securities is "Blocking".

Detailed assessment:
